

APPENDIX

FILED

JAN 17 1972

E. ROBERT SEEVER, CLERK

**In the Supreme Court
of the United States**

TERM, 1971

No. 70-314

BRUNETTE MACHINE WORKS, LTD.,
Petitioner,

—VS.—

KOCKUM INDUSTRIES, INC.,
Respondent.

**ON WRIT OF CERTIORARI TO THE UNITED STATES
COURT OF APPEALS FOR THE NINTH CIRCUIT**

STEVENS-HESS LAW PUB. CO., PORTLAND, ORE.

1-72

**Petition for Certiorari Filed June 21, 1971
Certiorari Granted December 7, 1971**

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APPENDIX

Date	Chronological List of Relevant Docket Entries
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1969

- | | |
|--------|--|
| Jan 23 | Complaint filed U.S. District Court for the District of Oregon |
| 23 | District Court clerk issued summons and mailed by registered mail to Brunette Machine Works, Ltd., 149 Nelson Street, New Westminster, British Columbia, Canada. |
| 29 | District Court clerk received return receipt on registered mail to Brunette Machine Works, Ltd. (received 1-27-69) |
| Feb 7 | Deft's Motion to dismiss filed |
| 17 | Hearing on deft's motion to dismiss |
| 20 | Order entered sustaining deft's motion to dismiss |
| 28 | Plt's notice of appeal filed |

1971

- | | |
|--------|--|
| Apr 20 | Opinion and Judgment of Court of Appeals for Ninth Circuit filed |
| Jun 21 | Petition for writ of certiorari filed |
| Dec 7 | Certiorari granted |

BUCKHORN, BLORE, KLARQUIST & SPARKMAN
 KENNETH S. KLARQUIST
 703 Board of Trade Building
 Portland, Oregon 97204
 226-7391

SEED, BERRY & DOWREY
 RICHARD W. SEED
 1502 Norton Building
 Seattle, Washington 98104
 Main 2-4900

Attorneys for Plaintiff

IN THE UNITED STATES DISTRICT COURT
 FOR THE DISTRICT OF OREGON

KOCKUM INDUSTRIES, INC.,)

Plaintiff,)

v.)

BRUNETTE MACHINE
 WORKS, LTD.,)

Defendant.)

CIVIL ACTION
 No. 69-42

COMPLAINT

I

This is an action for patent infringement; this Court has jurisdiction under 28 U.S.C., §§ 1338(a) and 1391(d), and ORS 14.035.

II

Plaintiff Kockum Industries, Inc., is a corporation of the State of Alabama having its principal place of business in Talladega, Alabama, and having a regular and established place of business in Tualatin, Oregon.

III

Defendant Brunette Machine Works Ltd., is a corporation of British Columbia, Canada, having its principal place of business at 149 Nelson Street, New Westminster, British Columbia.

IV

On October 7, 1958, United States Letters Patent No. 2,855,010 were duly and legally issued to Svenska Cellulosa Aktiebolaget, Stockholm, Sweden, for an invention in a barking machine, and all rights in said patent have been subsequently duly and legally assigned to plaintiff by an instrument in writing recorded in the United States Patent Office, and all rights in said patent are now owned by plaintiff.

V

On December 25, 1956, United States Letters Patent No. 2,775,274 were duly and legally issued to Axel Erland Andersson, Gavle, Sweden, for a bark-removing machine, and all rights in said patent have been subsequently duly and legally assigned to Soderhamns Verkstader AB, a corporation of Sweden, and by such corporation to plaintiff, all by instruments in writing recorded in the United States Patent Office, and all rights in said patent are now owned by plaintiff.

VI

In about 1964, defendant Brunette Machine Works Ltd., commenced the manufacture and sale in British Columbia of a ring-type debarker with self-opening tool arms commonly known in the trade as the "Brunette" barker.

VII

On or about November 27, 1963, Salem Equipment, Inc., a corporation of Oregon having its principal place of business in Salem, Oregon, and defendant, Brunette Machine Works Ltd., entered into a technology exchange contract relating to lumber mill and logging products whereby Brunette can manufacture and sell Brunette's equipment in the United States by payment of a royalty. An incomplete copy of this contract is attached hereto as "Exhibit A." Negotiations for said contract included one or more visits by Harold G. Pousette, president of Brunette, with Earl R. Hitchman, president of Salem, at Salem's place of business in Oregon. As a consequence, John T. Watt, also an officer of Brunette, rough drafted an agreement which was then put into final form by Salem's attorney in Oregon.

VIII

The Salem-Brunette contract, Exhibit A, has not been modified and is still in full force and effect, and royalties have been and are being paid under the contract by defendant, Brunette Machine Works Ltd., to Salem Equipment, Inc., and visa versa.

IX

In accordance with the provisions of the Salem-Brunette contract, Exhibit A, defendant Brunette Machine Works Ltd., has supplied to Salem Equipment, Inc., complete technical assistance and information including all blueprints for the manufacture of the "Brunette" barker. Said technical assistance has included visits of Brunette personnel to Salem's prin-

cipal place of business in Oregon, and telephone calls back and forth between personnel of Brunette and Salem. Said barkers are advertised in Oregon and elsewhere in the United States as the "Salem-Brunette" debarker.

X

The first of said "Salem-Brunette" debarkers installed in the United States was at the operation of McGrew Brothers Sawmills, Inc., in Ashland, Oregon, and the ring and tool arms for this machine were manufactured by defendant Brunette Machine Works, Ltd. Several other "Salem-Brunette" debarkers have subsequently been manufactured by Salem Equipment, Inc. in Oregon and sold in Oregon and elsewhere in the United States.

XI

About a year prior to the signing of the Brunette-Salem contract, Exhibit A, defendant Brunette Machine Works Ltd., entered into a similar agreement with Carthage Machine Company, Inc., of Carthage, New York, which company and agreement were later acquired by American-Wilco, Inc. By its terms, this Carthage-Brunette agreement has expired, but is still being honored. The Carthage-Brunette agreement originally gave Carthage the entire United States, but was later modified to permit the contract with Salem Equipment, Inc. to be made for the Western United States. Subsequently, Salem and Carthage, with defendant's approval, worked out an arrangement whereby Salem can sell the "Salem-Brunette" debarkers throughout the United States by payment of

royalties to Carthage as well as to Brunette Machine Works Ltd. for sales in the extended territory.

XII

No debarkers have been manufactured by Carthage Machine Company, Inc., or American-Wilco, Inc. under said Salem-Carthage contract, but Carthage has sold in the United States "Brunette" barkers which were manufactured by defendant Brunette Machine Works, Ltd. Such machines have been advertised in the United States as the "Carthage-Brunette" debarker, and one of these was demonstrated at the 9th Southern Pine Association Machinery and Equipment Exposition held May 20-22, 1967, in New Orleans, Louisiana. Assisting in this demonstration was Ronald D. Pousette, vice-president of Brunette.

XIII

The aforesaid "Brunette" debarkers, "Salem-Brunette" barkers, and "Salem-Carthage" debarkers each infringe Claim 12 of Patent No. 2,775,274 and Claims 1 through 10 of Patent No. 2,855,010.

XIV

Defendant Brunette Machine Works, Ltd. has transacted business in the State of Oregon and continued to transact business in Oregon with regard to and as a consequence of the Salem-Brunette contract, Exhibit A.

XV

Defendant Brunette Machine Works Ltd., has committed and continues to commit tortious acts within the State of Oregon by inducing infringement in Ore-

gon by Salem Equipment, Inc., of Claim 12 of Patent No. 2,775,274 and Claims 1 through 10 of Patent No. 2,855,010 and has benefited and continues to benefit from said infringement by way of royalties paid to Brunette by Salem in accordance with the Salem-Brunette contract, Exhibit A, and by way of technical information and assistance received from Salem.

XVI

Defendant Brunette Machine Works, Ltd. has willfully and knowingly infringed and/or induced infringement of Claim 12 of Patent No. 2,775,274 and Claims I through 10 of Patent No. 2,855,010 in the State of Oregon and elsewhere in the United States.

XVII

American-Wilco, Inc., has willfully and knowingly infringed Claim 12 of Patent No. 2,775,274 and Claims 1 through 10 of Patent No. 2,855,010 and defendant Brunette Machine Works Ltd., has induced such infringement and has benefited and continues to benefit from such-infringement.

XVIII

Defendant has been given written notice of its infringement of Patent Nos. 2,775,274 and 2,855,010, but has nevertheless continued willfully and knowingly to infringe said patents.

WHEREFORE, plaintiff demands:

1. an injunction against continued infringement;
2. an accounting for damages;
3. an assessment of interest and costs against defendant;

4. an award of reasonable attorneys' fees; and
5. such other and further relief as justice may require.

Kenneth S. Klarquist

KENNETH S. KLARQUIST

BUCKHORN, BLORE, KLARQUIST

AND SPARKMAN

703 Board of Trade Building

Portland, Oregon 97204

226-7391

Of Attorneys for Plaintiff

EXHIBIT A TO COMPLAINT CONTRACT

AGREEMENT made and entered into this 27th day of November, 1963, between Brunette Machine Works, Limited of New Westminster, British Columbia, Canada and having its principal place of business at 149 Nelson Street, New Westminster, British Columbia, Canada, hereinafter referred to as Brunette, and Salem Equipment, Inc., a corporation organized and existing under the laws of the State of Oregon, and having its principal place of business at 3371 "D" Street, N. E., Salem, Oregon, hereinafter referred to as Salem Equipment.

WHEREAS Brunette is now engaged in the manufacture and development in Canada of various products utilized in the lumber industry, and hereinafter referred to as the products, in which field it has acquired extensive production know-how and technical experience, and

WHEREAS Salem Equipment is now engaged in the manufacture and development in the United States of various products utilized in the lumber industry, and hereinafter referred to as the products, in which field it has acquired extensive production know-how and technical experience, and

WHEREAS Brunette and Salem Equipment are or may be licensed under certain letters of patent concerning the production of the products, and are empowered to extend such licenses, under certain conditions, to other companies, and

WHEREAS Brunette wishes to engage in the manufacture of lumber mill and logging products, and in that connection wishes to avail itself of such patent and technical information and know-how as is owned by or is available to Salem Equipment, and

WHEREAS Salem Equipment wishes to engage in the manufacture of lumber mill and logging products, and in that connection wishes to avail itself of such patent and technical information and know-how as is owned by or is available to Brunette, and

WHEREAS Brunette and Salem Equipment are the owners of certain patents which are used by Brunette or Salem Equipment in connection with the products, and

WHEREAS Brunette is willing to disclose to Salem Equipment, its agents and employees, such production know-how and technical experience, to extend such patent rights and production know-how to Salem

Equipment, to make such patents available to Salem Equipment in the lawful manner and generally to advise and assist Salem Equipment and its technical staff at reasonable times and in reasonable ways to facilitate Salem Equipment's objectives as stated above, and

WHEREAS Salem Equipment is willing to disclose to Brunette, its agents and employees, such production know-how and technical experience, to extend such patent rights and production know-how to Brunette, to make such patents available to Brunette in the lawful manner and generally to advise and assist Brunette and its technical staff at reasonable times and in reasonable ways to facilitate Brunette's objectives as stated above.

NOW, therefore, and in consideration of the covenants herein contained, the parties agree as follows:

1. *Manufacturing.* Brunette will give advice and assistance to Salem Equipment and Salem Equipment will give advice and assistance to Brunette in the establishment and manufacturing, and installation of machinery, equipment and other such manufactured products utilized in the sawmill and logging industry which each respectively manufactures.

2. *Technicians.* Brunette will furnish to Salem Equipment and Salem Equipment will furnish to Brunette technicians of such skill and in such number as may be required to discharge properly their respective responsibilities under this agreement. During the time that such technicians are either in Canada or in

the United States, their salaries will be assumed by the party requesting such assistance. Details regarding the selection of personnel for such assignments will be determined by mutual consent.

3. *Technical data.*

(a) Upon the effective date and thereafter during the term of this agreement, Brunette and Salem Equipment shall make available to each other full and complete technical information possessed on the date of this agreement by either party relative to the manufacture of their products.

(b) Brunette shall not, during the term of this agreement, disclose to any person, firm, or corporation in Canada, nor Salem Equipment shall, during the term of this agreement, disclose to any other person, firm, or corporation in the United States, any technical information possessed by either relating to the subject matter of this agreement.

(c) Nothing contained in this agreement shall be construed to require either party to disclose to the other any information which either shall have acquired from others if the disclosure thereof to either would breach any of the then existing obligations to others.

(d) Either party shall not use or disclose any information received from the other under this agreement for any purpose other than the manufacture in Canada by Brunette, and in the United States by Salem Equipment of the products under considera-

tion. Either party shall not knowingly disclose any information received from the other under this agreement, to any persons except those in their employ, to whom it shall be necessary in their opinion to make such disclosure to enable either to obtain the benefits of such information in the manufacture in their respective countries of products which are included within the subject matter of this agreement. The foregoing restriction on disclosures of information shall apply so long as the information has not properly come into the public domain by such disclosures in issued patents or otherwise.

4. *Royalty.*

(a) Beginning on the effective date and thereafter during the term of this agreement, Salem Equipment shall pay to Brunette as royalty and in full consideration for all benefits afforded under this agreement, except as specifically provided herein, within sixty (60) days after each calendar quarter, in United States dollars,

(Portion of Original Omitted)

Brunette shall pay to Salem Equipment as royalty and in full consideration of all benefits afforded under this agreement, except as

(Portion of Original Omitted)

mean gross receipts from sales, less only discounts, credits, and allowances actually granted to customers. In computing royalties hereunder, the conversion into

United States dollars or into Canadian dollars will be at the official rate of exchange prevailing in the United States and Canada on the date of remittance.

(b) Each quarterly payment made by Salem Equipment to Brunette or Brunette to Salem Equipment pursuant to the provisions of this agreement shall be accompanied by a statement in English signed by the chief fiscal officer of each, stating in reasonable detail the amount of each's net sales during such calendar quarter of the products for which royalty is payable hereunder.

(c) Each party shall have the right to designate a qualified accountant to inspect and audit the books, records, and operations of either at the expense of the requesting party for the purpose of verifying the accuracy of any statement furnished under any provisions of this agreement of the amount of any royalties payable by either under any provisions of this agreement.

5. *Arbitration.* All disputes arising in connection with this agreement which are not settled by agreement between the parties shall be finally settled by arbitration. The arbitration shall be held in the country of the party defending his position and conducted in accordance with the rules and procedures of the Commercial Arbitration Association of said country. Judgment upon the award rendered may be entered in any court having jurisdiction, or application may be made to such court for judicial acceptance of the award or order or enforcement as the case may be.

6. *Construction.* This agreement shall be construed, and all the rights, powers, and liabilities of the parties hereunder shall be determined, in accordance with the laws of the State of Oregon.

7. *Waiver.* No omission or delay of either party hereto in requiring due and punctual fulfillment by the other party of the obligations of such other party hereunder shall be deemed to constitute a waiver by either of its rights to require such due and punctual fulfillment or of any of its remedies hereunder.

8. *Nonassignability.* The benefits of this agreement or any part hereof may not be assigned by either party without the written consent of the other party.

9. *Exoneration.* In providing the technical information and technological assistance, either party and its employees are acting in an advisory capacity only. Neither party nor its related companies, nor their employees, shall have any responsibility for the design, construction, installation, operation, or production of plant and equipment contemplated under this agreement, nor for any decisions which may be made in connection therewith, whether upon the recommendation of such employees or otherwise.

10. *Term.* This agreement shall be in force so long as the parties have not terminated this agreement pursuant to provisions contained herein, and provided:

(a) that, if at any time either party to this

agreement shall have defaulted in the performance of his obligation hereunder, the other party may give written notice of such default, and if such default shall continue for a period of thirty (30) days after such notice, the party who has given such notice of default may thereupon terminate this agreement forthwith by giving to the other party hereto written notice of termination; or

(b) that if any proceedings in bankruptcy or in reorganization or for the appointment of a receiver or trustee or any other proceedings under any law for the relief of debtors shall be instituted by or against either party or if either of said parties shall make an assignment for the benefit of creditors, this agreement shall thereupon forthwith terminate, subject to the rights of the other party at its option thereafter to reinstate this agreement by giving the first mentioned party written notice of such reinstatement, providing such notice is given not less than thirty (30) days after the institution of such proceedings.

11. *Notices.* Any notice given by either party hereto to the other party shall be deemed to have been sufficiently given if sent by the mailing thereof by registered airmail, or by the sending thereof by cable or wireless and in such case confirmed by regular mail, to the address of such other party hereinafter set forth, unless and until another address shall have

been designated in writing by such other party for the purpose.

12. *Territory.* The field of manufacture and the sale of said products shall be confined and limited to the territory of the United States for Salem Equipment and the territory of Canada for Brunette, and shall not extend to any other territory or country; and each shall not have the right to have any of said products manufactured in any other country of the world for importation into said territory.

(Portion of Original Omitted)

IN WITNESS WHEREOF the parties hereto have caused this agreement to be executed in duplicate in their respective corporate names, by their respective corporate officers thereunto duly authorized, upon the date hereinabove set forth.

ATTEST:	Brunette Machine Works, Limited
<i>Signed</i>	By <i>signed</i>
	President

ATTEST:	Salem Equipment, Inc.
<i>Signed</i>	By <i>signed</i>

KOLISCH & HARTWELL
 J. PIERRE KOLISCH
 1004 Standard Plaza
 Portland, Oregon 97204
 (503) 224-6655

Attorneys for Defendants

IN THE UNITED STATES DISTRICT COURT
 FOR THE DISTRICT OF OREGON

KOCKUM INDUSTRIES, INC.,)

Plaintiff,)

v.

CIVIL ACTION
 No. 69-42

BRUNETTE MACHINE
 WORKS, LTD.,

Defendant.)

MOTION TO DISMISS

Defendant, Brunette Machine Works Ltd. moves the Court pursuant to Rule 12(b) of the Federal Rules of Civil Procedure for an order dismissing the action on the ground that venue is improper.

/s/ J. Pierre Kolisch

J. PIERRE KOLISCH

Attorney for Defendant

It is hereby certified that two copies of the foregoing Motion To Dismiss were mailed, first class, to Kenneth S. Klarquist, Buckhorn, Blore, Klarquist and Sparkman, 703 Board of Trade Building, Portland, Oregon 97204, of Attorneys for Plaintiff, this 6th day of February, 1969.

/s/ J. Pierre Kolisch

J. PIERRE KOLISCH

Attorney for Defendant

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF OREGON

KOCKUM INDUSTRIES, INC.,)

Plaintiff,)

v.

BRUNETTE MACHINE
WORKS, LTD.,

Defendant.)

CIVIL ACTION
No. 69-42

ORDER

Defendant's motion to dismiss, on the ground that venue is improper, is granted, and the action is hereby dismissed.

IT IS SO ORDERED.

Dated February 20, 1969.

Robert C. Belloni

United States District Judge

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

KOCKUM INDUSTRIES, INC.,)

Plaintiff,)

v.)

No. 24,105

BRUNETTE MACHINE
WORKS, LTD.,)

Defendant.)

[April 20, 1971]

Appeal from the United States District Court
For the District of Oregon

Before: DUNIWAY and CARTER, Circuit Judges,
and GRAY, District Judge*

PER CURIAM:

The appellant brought a patent infringement action in the United States District Court in Oregon against the appellee, a corporation whose principal place of business is in British Columbia, where it was formed. The appellee successfully moved for dismissal of the action on the ground of improper venue, and this appeal followed.

The court below presumably agreed with the appellee that the governing statute is 28 U.S.C. § 1400 (b), which provides that "Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant

* Honorable William P. Gray, United States District Judge, Central District of California, sitting by designation.

has committed acts of infringement and has a regular and established place of business." Inasmuch as the appellee neither "resides" in Oregon nor has "a regular and established place of business" there, § 1400(b) does not establish venue in that district.

However, the appellant relies upon 28 U.S.C. § 1391(d), which states that "An alien may be sued in any district."

This very same issue as to which of the two statutes is applicable in patent infringement actions against aliens, was presented in *Chas. Pfizer & Co. v. Laboratori Pro-Ter Prodotti Therapeutici*, 278 F. Supp. 148 (S.D. N.Y. 1967). Judge Mansfield there ruled that 28 U.S.C. § 1391(d) controls. We agree with that decision and with the carefully reasoned opinion upon which it is based.

We are mindful of the decision in *Coulter Electronics, Inc. v. A. B. Lars Ljungberg & Co.*, 376 F.2d 743 (7th Cir. 1967), cert. denied, 389 U.S. 859, 88 S. Ct. 103, 19 L. Ed. 2d 124 (1967), as was Judge Mansfield, but we decline to follow it, for the same reasons as those stated in *Pfizer* and in *SCM Corporation v. Brother International Corporation*, 316 F. Supp. 1328 (S.D. N.Y. 1970).

Accordingly, the order of the district court dismissing the action here concerned is reversed and the case remanded for further proceedings.



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SUPREME COURT, U. S.

Supreme Court, U.S.
FILED

JUN 21 1971

E. ROBERT SEAYER, CLERK

IN THE
Supreme Court of the United States

OCTOBER TERM, 1970

No. ~~1-850-1~~

70-314

BRUNETTE MACHINE WORKS LTD.,

Petitioner,

v.

KOCKUM INDUSTRIES, INC.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

J. PIERRE KOLISCH
JON M. DICKINSON

Attorneys for Petitioner

KOLISCH, HARTWELL
& DICKINSON

1004 Standard Plaza
Portland, Oregon 97204

Of Counsel

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IN THE
Supreme Court of the United States

OCTOBER TERM, 1970

No. _____

BRUNETTE MACHINE WORKS LTD.,

Petitioner,

v.

KOCKUM INDUSTRIES, INC.,

Respondent.

**PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT**

OPINION BELOW

The opinion of the Court of Appeals, not yet reported, appears in the appendix hereto. No opinion was rendered by the District Court for the District of Oregon.

JURISDICTION

The judgment of the Court of Appeals for the Ninth Circuit sought to be reviewed was entered on April 20, 1971. No petition for rehearing was filed. Jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

QUESTION PRESENTED

Whether the patent venue provision, 28 U.S.C. § 1400(b), rather than the general venue provision, 28 U.S.C. § 1391(d), controls in a patent infringement case where the defendant is an alien having neither a residence nor a regular and established place of business within the district where suit was filed.

STATUTORY PROVISIONS INVOLVED

28 U.S.C. § 1391(d) provides:

Venue generally

(d) An alien may be sued in any district.

28 U.S.C. § 1400(b) provides:

Patents and copyrights.

(b) Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.

STATEMENT OF THE CASE

Respondent, Kockum, on January 23, 1969 filed a complaint in the District Court for the District of Oregon charging petitioner, Brunette, an alien corporation of British Columbia, Canada, with infringement of United States Letters Patent Nos. 2,775,274 and 2,855,010. On February 7, 1969, pursuant to Rule 12(b) Federal Rules of Civil Procedure, Brunette moved for dismissal of the suit on the ground of im-

proper venue because Brunette did not reside in Oregon, had not committed acts of infringement, and did not have a regular and established place of business in Oregon. On February 20, 1969, the District Court entered an order granting the motion for dismissal. Kockum appealed, and on April 20, 1971 the Court of Appeals entered its judgment reversing the District Court (App. A-1).

REASONS FOR GRANTING THE WRIT

(1) The decision below is in direct conflict with the decision of another court of appeals.

In *Coulter Electronics, Inc. v. A. B. Lars Ljunberg & Co.*, 376 F.2d 743 (1967), cert. den. 389 U.S. 859, the Seventh Circuit had the identical situation before it as did the Ninth Circuit in the present case. There, an alien corporation was sued for patent infringement in the District Court for the Northern District of Illinois. The corporation neither resided in that district nor had it a regular and established place of business there. The Seventh Circuit reviewed the conflicting views as to whether § 1391(d) or 1400(b) of Title 28 U.S.C. controlled, and felt bound by this Court's decisions, particularly those in *Stonite Products Co. v. Melvin Lloyd Co.*, 315 U.S. 561, (1942); *Fourco Glass Co. v. Transmirra Products*, 353 U.S. 222, (1957); and *Schnell v. Peter Eckrich & Sons, Inc.*, 365 U.S. 260, (1961). It held that § 1400(b) is the sole and exclusive provision controlling venue in patent infringement actions, regardless of whether de-

fendant is a domestic or an alien. The Court said (376 F.2d at 746):

"Faced with two conflicting views as to the proper interpretation of Section 1400(b), it is quite understandable that we have chosen to follow the interpretation so recently announced by the Supreme Court."

In its decision in the present case the Ninth Circuit recognized the squarely contrary decision by the Seventh Circuit in *Coulter*; but expressly declined to follow it. Instead, it chose to follow the decision of the court in the Southern District of New York in *Chas. Pfizer & Co. v. Laboratori Pro-Ter Prodotti Therapeutici*, 278 F. Supp. 148, (1967), which decision is also in conflict with *Coulter*.

As far as we have been able to determine, the Second Circuit has not yet passed on the question, but the Fourth Circuit in *Societe Industries Mechaniques Allies v. Honorable Oren R. Lewis*, unreported, decided January 18, 1971, came to a conclusion opposite to that of the Seventh Circuit in *Coulter*. A petition for writ of certiorari in that case was denied on June 7, 1971. However SIMA involved mandamus and was interlocutory in nature rather than a final order of dismissal of the petitioner, as in the present case.

(2) The decision below conflicts with the decisions of this Court.

In *Fourco* this Court said (353 U.S. at 228):

"We think it is clear that . . . § 1400(b) is a

special venue statute applicable, specifically, to *all* defendants in a particular type of actions, i.e., patent infringement actions.

We hold that that 28 U.S.C. § 1400(b) is the sole and exclusive provision controlling venue in patent infringement actions. . . ." [Court's emphasis]

These statements are in accord with the Court's earlier decision in *Stonite* (315 U.S. at 563) and the most recent pronouncements made in *Schnell* (365 U.S. at 262).

(3) The decision below raises an important question of construction of federal statutes.

Whether the special venue statute, § 1400(b), or the general venue statute, § 1391(d), controls in the case of an alien defendant in a patent infringement case is an important and recurring question. The conflict over this issue now existing between different circuits results in the intolerable situation that alien defendants, otherwise equally circumstanced, are treated differently depending where suit is brought against them.

While some believed that this Court in its prior decisions had finally settled the matter—namely, that in patent infringement actions, § 1400(b) is the sole and exclusive provision controlling venue as to *all* defendants—others thought not, and interpreted those decisions in a manner producing contrary results.

These interpretations, which limit application of § 1400(b) to situations where the defendant is a domestic corporation as distinguished from an alien one, are unwarranted and should be corrected by the Court.

There must be a uniform federal rule in all circuits with respect to application of the federal venue statutes.

CONCLUSION

There will be no resolution of the conflicting decisions of the various lower courts until this Court decides the issue. In the present case the issue has arisen in a clear, unentangled manner, and is now ripe for resolution. A writ of certiorari should issue to review the judgment and opinion of the Ninth Circuit.

Respectfully submitted,

J. PIERRE KOLISCH
JON M. DICKINSON
Attorneys for Petitioner

KOLISCH, HARTWELL
& DICKINSON
Of Counsel

APPENDIX

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

KOCKUM INDUSTRIES, INC.,	}	No. 24,105
<i>Plaintiff-Appellant,</i>		
v.	}	
BRUNETTE MACHINE WORKS,		
LTD.		
<i>Defendant-Appellee.</i>		

[April 20, 1971]

Appeal from the United States District Court
For the District of Oregon

Before: DUNIWAY and CARTER, Circuit Judges,
and GRAY, District Judge*

PER CURIAM:

The appellant brought a patent infringement action in the United States District Court in Oregon against the appellee, a corporation whose principal place of business is in British Columbia, where it was formed. The appellee successfully moved for dismissal of the action on the ground of improper venue, and this appeal followed.

The court below presumably agreed with the appellee that the governing statute is 28 U.S.C. § 1400 (b), which provides that "Any civil action for patent infringement may be brought in the judicial district

* Honorable William P. Gray, United States District Judge, Central District of California, sitting by designation.

where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business." Inasmuch as the appellee neither "resides" in Oregon nor has "a regular and established place of business" there, § 1400 (b) does not establish venue in that district.

However, the appellant relies upon 28 U.S.C. § 1391(d), which states that "An alien may be sued in any district."

This very same issue as to which of the two statutes is applicable in patent infringement actions against aliens, was presented in *Chas. Pfizer & Co. v. Laboratori Pro-Ter Proditti Therapeutici*, 278 F. Supp. 148 (S.D. N.Y. 1967). Judge Mansfield there ruled that 28 U.S.C. § 1391(d) controls. We agree with that decision and with the carefully reasoned opinion upon which it is based.

We are mindful of the decision in *Coulter Electronics, Inc. v. A. B. Lars Ljungberg & Co.*, 376 F.2d 743 (7th Cir. 1967), *cert. denied*, 389 U.S. 859, 88 S. Ct. 103, 19 L. Ed. 2d 124 (1967), as was Judge Mansfield, but we decline to follow it, for the same reasons as those stated in *Pfizer* and in *SCM Corporation v. Brother International Corporation*, 316 F. Supp. 1328 (S.D. N.Y. 1970).

Accordingly, the order of the district court dismissing the action here concerned is reversed and the case is remanded for further proceedings.

FILED

OCT 21 1971

E. ROBERT SEAVEL, CLERK

IN THE
Supreme Court of the United States

October Term, 1970

No. 70-314

BRUNETTE MACHINE WORKS LTD.,
Petitioner,

v.

KOCKUM INDUSTRIES, INC.
Respondent.

BRIEF IN ANSWER TO PETITION FOR A WRIT OF
CERTIORARI TO THE UNITED STATES COURT OF
APPEALS FOR THE NINTH CIRCUIT

HARRY M. CROSS, JR.
Attorney for Respondent

Of Counsel:
SEED, BERRY, DOWNEY & CROSS
RICHARD W. SEED
1502 Norton Building
Seattle, Washington 98104

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BRIEF IN ANSWER TO PETITION FOR A WRIT OF
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ARGUMENT IN ANSWER TO PETITIONER

The Enactment of § 1391(d) Codified the Law That
an Alien Infringer of a United States Patent May
Be Sued in Any District

The cases prior to 1948 under the Act of March 3, 1897, c.395, 29 Stat. 695, and the 1911 Judicial Code derived therefrom, established that Section 48 of the 1911 Judicial Code [28 U.S.C.A. § 109 (1940 ed.)], limiting venue over patent infringers, did not apply to alien defendants. *Re Hohorst*, 1893, 150 U.S. 653, 14 S. Ct. 221, 37 L.Ed. 1211; *Barrow Steamship Co. v. Kane*, 1898, 170 U.S. 100, 18 S.Ct. 526, 42 L.Ed. 964; *United Shoe Machinery Co. v. Duplessis Independent Shoe Machinery Co., Ltd.*, C.C. Mass., 1904, 153 Fed. 930; *Sandusky Foundry & Machine*

Co. v. De Lavaud, N.D. Ohio, 1918, 251 Fed. 631; *Keating v. Pennsylvania Co.*, N.D. Ohio, 1917, 245 Fed. 155; and *Keller v. American Sales Book Co.*, W.D. N.Y., 1936, 16 F.Supp. 189. As stated in *Keller v. American Sales Book Co.*, *supra*, at 190, in reference to Section 48 of the 1911 Judicial Code:

"It is clear from the language of the section and from numerous authorities that section 48, *supra*, has no application to a foreign (alien) corporation which has no place of business within the District."

The 1948 Judicial Code codified the prior law and § 1391(d), 28 U.S.C.A., thereof, specifically codified the prior case law that aliens, including alien infringers of a United States patent, may be sued in any district. The Reviser's Note to § 1391(d), 28 U.S.C.A., p. 62, states:

"Subsection (d) of this section is added to give statutory recognition to the weight of authority concerning a rule of venue as to which there has been a sharp conflict of decision. See (*Sandusky Foundry and Machine Co. v. De Lavaud*, 1918, D.C. Ohio, 251 F. 631, 632, and cases cited. See also *Keating v. Pennsylvania Co.*, 1917, D.C. Ohio, 245 F. 155 and cases cited)."

In *Sandusky Foundry and Machine Co. v. De Lavaud*, *supra*, the court held that venue in a patent infringement suit against a defendant alien attached against the alien in any district in which process could be served upon the alien, notwithstanding the special patent venue statute (Section 48 of the 1911 Judicial Code) limiting venue in patent infringement cases to the district wherein the defendant is an inhabitant or has committed acts of infringement and has a regular and established place of business. The Court in *Sandusky* at p. 632-633, stated:

"The defendants who have appeared are aliens. It seems to be settled law that they are not inhabitants of

any district, and may be sued in any district within which process can be served on them. It was so held under what is now Section 48 of the Judicial Code (Act, March 3, 1911, c.231, 36 Stat. 1100 [Comp. St. 1916 §§ 1024, 1030]) in *United [Shoe Machinery] Company v. Duplessis Company* (C.C.) 133 F. 930. Such is said to be the law in *Walker on Patents* (5th Ed.) § 389. The same holding has been repeatedly made under section 51 of the Judicial Code (Comp. St. 1916, § 1033) as applied to causes of action other than suits arising under the patent laws. In *re Hohorst*, 150 U.S. 653, 14 S.Ct. 221, 37 L.Ed. 1211; *Barrow Steamship Co. v. Kane*, 170, U.S. 100, 18 S.Ct. 526, 42 L.Ed. 964; *Wind River Lumber Co. v. Frankfort Marine Ins. Co.*, 196 F. 340, 116 C.C.A. 160; *Keating v. Pennsylvania Co.* (D.C.) 245 F. 155. The reasoning applied equally to both classes of cases against alien defendants."

From the Reviser's Note it is clear that the law has been, and under § 1391(d) continues to be, that special patent venue statutes are not applicable to alien patent infringers and that venue is proper over alien patent infringers in any district wherein the alien is amenable to service of process.

The better-reasoned cases since enactment of the 1948 Judicial Code have uniformly held that § 1391(d) is applicable to alien infringers of a United States patent. *Chas. Pfizer & Co. v. Laboratori Pro-Ter Prodotti Therapeutici*, S.D. N.Y., 1967, 278 F.Supp. 148; *Olin Mathieson Chemical Corp v. Molins Organizations, Ltd.*, E. D. Va., 1966, 261 F. Supp. 436; *Japan Gas Lighter Association v. Ronson Corp.*, D.N.J., 1966, 257 F.Supp. 219; *SCM Corp. v. Brother International Corp.*, S.D. N.Y., 1970, 316 F.Supp. 1328; *Deering Milliken Research Corp. v. Stahlecker*, D.S.C. 1969, 166 U.S. P.Q. 321; and *Deering Milliken Research Corp. v. Vecchioni*, E.D. Va. 1970, 168-U.S.P.Q. 59. In contrast to the holdings of these cases, the Seventh Circuit in

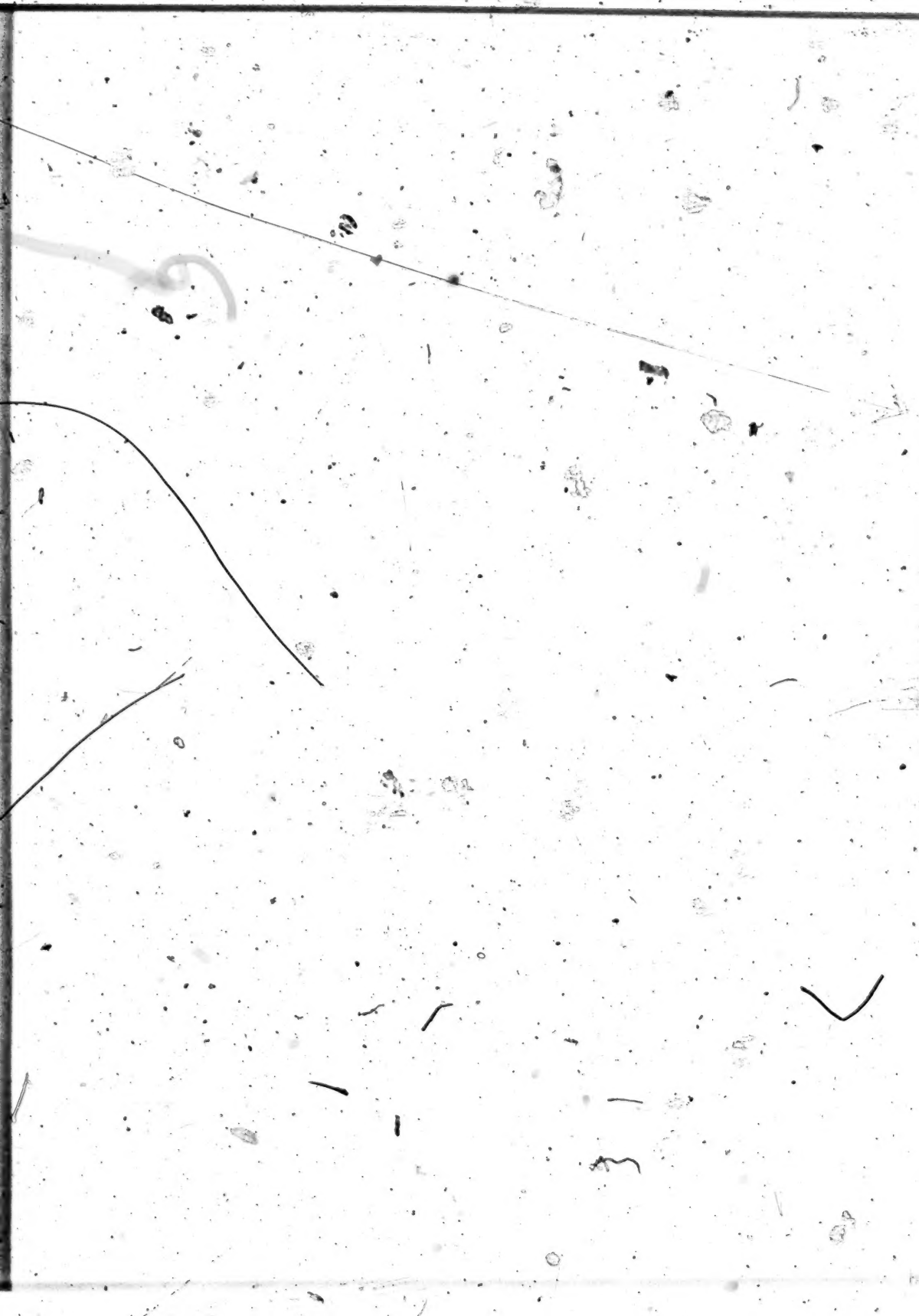
Coulter Electronics, Inc. v. A. B. Lars Ljunberg & Co., 1967, 376 F.2d 743, cert. den. 389 U.S. 859, 99 S.Ct. 103, 198 L.Ed.2d 124, held that § 1400(b), 28 U.S.C.A., is the sole and exclusive provision controlling venue in patent infringement actions and is not to be supplemented by § 1391(d), citing *Fourco Glass Co. v. Transmirra Products Corp.*, 1957, 353 U.S. 222, 77 S.Ct. 787, 1 L.Ed.2d 786, for its holding that § 1400(b) is not supplemented by § 1391(c).

The emphasis placed by the Supreme Court in *Fourco* on the Reviser's Notes and the preceding judicial holdings, however, supports the conclusion that the provisions of § 1400(b) were not intended to be exclusive in suit against aliens but were to be supplemented by § 1391(d). *Chas. Pfizer & Co. v. Laboratori Pro-Ter Prodotti Terapeutici*, *supra*; *Olin Mathieson Chemical Corp. v. Molins Organizations, Ltd.*, *supra*, and *Japan Gas Lighter Association v. Ronson Corp.*, *supra*. The Supreme Court in holding that § 1400(b)'s requirements were exclusive in a suit against a domestic corporation, based its decision on the fact that Congress re-enacted the subject matter of § 1400(b) in 1948 with no expression of intent (either in the Reviser's Notes or the text) that § 1400(b) should be supplemented by § 1391(c). The prior Supreme Court decision of *Stonite Prods. Co. v. Melvin Lloyd Co.*, 1942, 315 U.S. 561, 62 S.Ct. 780, 86 L.Ed. 1026, clearly held that § 1400(b)'s predecessor [Section 48 of the 1911 Judicial Code] was the sole provision governing venue in a suit against a domestic corporation and was exclusive with respect to § 1392(a)'s predecessor [Section 52 of the 1911 Judicial Code, 28 U.S.C. (1940 ed.) § 113]. The *Fourco* decision was expressly based on the Court's conclusion that § 1400(b) enacted its predecessor provision [Section 48 of

the 1911 Judicial Code] without substantive change, 353 U.S. at 227, 77 S.Ct. at 787, and that venue practice under Section 48 was clearly narrower with regard to corporate residence than that permissible under §1391(c). *Japan Gas Lighter Association v. Ronson Corp.*, *supra*; and *Pfizer & Co. v. Laboratori Pro-Ter Therapeutici*, *supra*.

The prevailing venue practice under Section 48 of the 1911 Judicial Code was equally clear that alien corporations could be sued in any district in patent infringement actions and that Section 48 was not applicable to alien infringers. Furthermore, Congressional intent to give statutory recognition to established alien venue practice in patent infringement actions is clearly expressed by the Reviser's Note citation to the *Sandusky* case relative to §1391(d). As noted by the Court in the *Pfizer* case on motion to reconsider its decision holding that venue was proper over the alien defendant before that court:

"On the same day that this Court's decision was handed down, the Supreme Court denied certiorari in *Coulter Elec. Inc. v. A. B. Lars Ljungberg & Co.*, 389 U.S. 859, 99 S.Ct. 103, 19 L.Ed.2d 124 (1967). In *Coulter*, the Seventh Circuit relying principally on the Supreme Court's decision in *Fourco Glass v. Transmirra Prods. Corp.*, 353 U.S. 333, 77 S.Ct. 787, 1 L.Ed. 2d 786 (1957) and *Stonite Prods. Co. v. Melvin Lloyd Co.* 315 U.S. 561, 62 S.Ct. 780, 86 L.Ed. 1026 (1942), held that a suit against an alien infringer will not permit an exception to the exclusivity of the patent venue statute, and that in such a suit §1391(d) has no applicability. 376 F.2d 743 (7th Cir., 1967). *It does not appear, however, that either the Seventh Circuit or the Supreme Court had directed to their attention, or considered, the legislative history of §1391(d), as reflected in the Reviser's Note, which distinguishes it from §1391(c) and shows that §1391(d), unlike §1391(c), was intended to supplement §1400(b).*" (Emphasis added) p. 154.



APPENDIX OF STATUTES CITED

I.

28 U.S.C.A. (1948 ed.)

§1391(a)

A civil action wherein jurisdiction is founded only on diversity of citizenship may, except as otherwise provided by law, be brought only in the judicial district where all plaintiffs or all defendants reside, or in which the claim arose.

§1391(c)

A corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes.

§1391(d)

An alien may be sued in any district.

§1400(b)

Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.

II.

Judicial Code of 1911

[28 U.S.C.A. (1940 ed.)]

Section 48 [28 U.S.C.A. §109]

In suits brought for the infringement of letters patent the district courts of the United States shall have jurisdiction, in law or in equity, in the district of which the defendant is an inhabitant, or in any district in which the defendant, whether a person, partnership, or corporation, shall have committed acts of infringement and have a regular and established

place of business. If such suit is brought in a district of which the defendant is not an inhabitant, but in which such defendant has a regular and established place of business, service of process, summons, or subpoena upon the defendant may be made by service upon the agent or agents engaged in conducting such business in the district in which suit is brought.

Section 51 [28 U.S.C.A. §112]

• • • except as provided in sections 113-118 of this title, no civil suit shall be brought in any district court against any person by any original process or proceeding in any other district than that whereof he is an inhabitant; but where the jurisdiction is founded only on the fact that the action is between citizens of the different states, suit shall be brought only in the district of the residence of either the plaintiff or the defendant; • • •

Section 52 [28 U.S.C.A. §113]

• When a State contains more than one district, every suit not of a local nature, in the district court thereof, against a single defendant, inhabitant of such State, must be brought in the district where he resides; but if there are two or more defendants, residing in different districts of the State, it may be brought in either district, and a duplicate writ may be issued against the defendants, directed to the marshal of any other district in which any defendant resides. The clerk issuing the duplicate writ shall indorse thereon that it is a true copy of a writ sued out of the court of the proper district; and such original and duplicate writs, when executed and returned into the office from which they issue, shall constitute and be proceeded on as one suit; and upon any judgment or decree rendered therein, execution may be issued, directed to the marshal of any district in the same State.

JAN 17 1972

ROBERT SEAYER, CLERK

In the Supreme Court of the United States

TERM 1971

No. 70-314

BRUNETTE MACHINE WORKS LTD.,

Petitioner,

vs.

KOCKUM INDUSTRIES, INC.,

Respondent.

*On Writ of Certiorari to the United States
Court of Appeals for the Ninth Circuit*

BRIEF FOR PETITIONER

J. PIERRE KOLISCH
JON M. DICKINSON

1004 Standard Plaza
Portland, Oregon 97204
Telephone: (503) 224-6655
Attorneys for Petitioner

KOLISCH, HARTWELL & DICKINSON
1004 Standard Plaza
Of Counsel

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BRIEF FOR PETITIONER

OPINION BELOW

The opinion of the Court of Appeals is reported at 442 F.2d 420, 169 U.S.P.Q. 772, and appears in the Single Appendix hereto (App. 19).

JURISDICTION

The judgment of the Court of Appeals was entered on April 20, 1971 (App. 1). No petition for re-

hearing was filed. A petition for certiorari was filed June 21, 1971, and granted December 7, 1971. Jurisdiction of this Court is conferred by 28 U.S.C. § 1254(1).¹

STATUTES INVOLVED

"28 U.S.C. § 1391. Venue generally

* * * * *

"(d) An alien may be sued in any district."²

"28 U.S.C. § 1400. Patents and copyrights

* * * * *

(b) Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business."³

QUESTION PRESENTED

Whether in a patent infringement suit, where defendant is an alien, venue is controlled by 28 U.S.C. § 1400(b), the specific patent venue statute, or by 28 U.S.C. § 1391(d), the general venue statute regarding aliens.

¹ Act of June 25, 1948, c. 646, 62 Stat. 928.

² Act of June 25, 1948, c. 646, 62 Stat. 935.

³ Act of June 25, 1948, c. 646, 62 Stat. 936.

STATEMENT OF THE CASE

Respondent, Kockum, on January 23, 1969 filed a complaint in the District Court for the District of Oregon charging petitioner, Brunette, an alien corporation of British Columbia, Canada, with infringement of United States Letters Patent Nos. 2,775,274 and 2,855,010 (App. 2). On February 7, 1969, pursuant to Rule 12(b) Federal Rules of Civil Procedure, Brunette moved for dismissal of the suit on the ground of improper venue (App. 17). It is undisputed that Brunette is not a resident of Oregon and that it has no regular and established place of business in Oregon. On February 20, 1969, the District Court entered an order granting the motion for dismissal on the ground that venue was improper (App. 18). There was no opinion by the District Court. Kockum appealed, and on April 20, 1971 the Court of Appeals for the Ninth Circuit entered its judgment reversing the District Court. A petition for writ of certiorari was filed on June 21, 1971 and granted on December 7, 1971 (App. 1).

SUMMARY OF ARGUMENT

In 1897 when Congress enacted the first specific venue statute for patent infringement suits, it did not except aliens, although Congress was well aware of the prior-established law that permitted defendants in such suits, either alien or domestic, to be sued in any district in which they could be served. The decisions

of this Court, since 1897, have consistently rejected all attempts to broaden the general venue statute to include defendants in patent infringement suits. The Court has correctly rejected such attempts because the Congressional intent has clearly been that in patent infringement suits, § 1400(b) is the sole and exclusive statute controlling venue.

An owner of a United States patent is well protected against a foreign-made import that infringes his patent. Anyone who uses or sells the infringement in this country is subject to a patent infringement suit. Even if an alien importer is not subject to suit in any District Court, certain sections of the Tariff Act protect the United States patent owner from entry into this country of the import. Under that Act, a patent owner can obtain safer and more effective protection than by a suit for infringement in a District Court.

ARGUMENT

Legislative and judicial history indicate that 28 U.S.C. § 1400(b), alone, controls venue in patent infringement suits.

Until the Patent Act of 1897⁴ there was no specific venue statute for patent infringement suits. Prior to that time, such suits could be brought in any district in which the defendant, alien or domestic, could be served.⁵

⁴ Act of March 3, 1897, c. 395, 29 Stat. 695.

⁵ *Re Hohorst*, 150 U.S. 653 (1893); *Re Keasbey & Mattison Company*, 160 U.S. 221 (1895).

That Act, which might well be thought of as the Congressional response to *Hohorst* and *Keasbey*, furnished the first specific patent venue statute—providing, without exceptions, that a patent infringement suit could be brought only in the district in which the defendant was an inhabitant, or in which he had committed acts of infringement and had a regular and established place of business. Had Congress intended to except alien defendants from this statute, it would surely have included a simple statement to that effect. The absence of such a statement, in light of Congressional awareness of *Hohorst* and *Keasbey* (which cases specifically discussed the venue situation with respect to an alien defendant in a patent suit), is good indication of an intent *not* to create such an exception.

In 1942, this Court held that the Act of 1897 was a restrictive special venue statute which applied to patent suits to the exclusion of the general venue statute.⁶ The opinion in *Stonite* carefully reviewed the history of venue in patent suits, noting that *Hohorst* and *Keasbey* stood for the proposition that alien defendants in patent suits could be sued wherever they could be found. Immediately following that notation, the Court said, 315 U.S. at 565-66:

“The Act of 1897 was adopted to define the exact jurisdiction of the Federal courts in actions to enforce patent rights and thus eliminate the uncertainty produced by the conflicting decisions on the applicability of the Act of 1887 as amended to such litigation. *That purpose indicates that Con-*

⁶ *Stonite Products Co. v. Lloyd Co.*, 315 U.S. 561 (1942).

gress did not intend the Act of 1897 to dovetail with the general provisions relating to the venue of civil suits, but rather that it alone should control venue in patent infringement proceedings." (Emphasis added).

In 1948, the patent venue provision in the Act of 1897 (which had previously been codified as Section 48 of the Judicial Code⁷) was revised and recodified as 28 U.S.C. § 1400(b).

In 1957, *Fourco Glass Co. v. Transmirra Prod. Corp.*, 353 U.S. 222, was decided in view of certain lower court decisions which held that 28 U.S.C. § 1391 (c) should be read into § 1400(b) to allow a corporation to be sued for patent infringement in any district in which it is doing business.⁸ The Court there said that *Stonite* still controlled, unless a substantive change had been made in the law by the 1948 revision and recodification. After reviewing the 1948 legislation with respect to patent suits, the Court concluded that there had been no substantive change, and that therefore, in patent infringement suits the *Stonite* rule still controlled, with § 1400(b) governing to the exclusion of § 1391(c).

In 1961 came *Schnell v. Eckrich & Sons*, 365 U.S. 260. That case involved an Illinois corporation which had assumed control of the defense of a patent infringement suit against an Indiana customer. The

⁷ Act of March 3, 1911, c. 231, 36 Stat. 1100, 28 U.S.C. § 109 (1940).

⁸ *Dalton v. Shakespeare Co.*, 196 F.2d 469 (5 Cir. 1952); *Fourco Glass Co. v. Transmirra Prod. Corp.*, 283 F.2d 885 (2 Cir. 1956).

Illinois corporation had no place of business in Indiana, but plaintiff claimed that by controlling the defense it had waived venue. The Court held that control of the defense, even though defendant would be bound by *res judicata*, did not constitute waiver of venue. The Court said, 365 U.S. at 262-63:

"As late as 1957 we have held § 1400 (b) to be 'the sole and exclusive provision controlling venue in patent infringement actions.' *Fourco Glass Co. v. Transmirra Products Corp.* 353 US 222, 229, 1-L ed 2d 786, 790, 77 S Ct 787 (1957). The language of this special statute is clear and specific. The practice complained of here was not at all unusual at the time of this statute's passage, and for us to enlarge upon the mandate of the Congress as to venue in such patent actions would be an intrusion into the legislative field."

The Seventh Circuit in *Coulter Electronics, Inc. v. A. B. Lars Ljungberg & Co.*, 376 F.2d 743 (1967), cert. den. 389 U.S. 859, held that § 1391(d) did not supplement § 1400(b). That case involved a fact situation similar to the present one. A Swedish corporation was sued for patent infringement in Chicago. The corporation had no regular and established place of business in the United States, and its machines were sold through an independent agency in the Northern District of Illinois. The Seventh Circuit said that plaintiff was, in effect, asking it for "judicial legislation" despite its protests to the contrary. The court then went on to review this Court's decisions in *Hohorst*, *Stonite*, *Fourco*, and *Schnell*, and came to the firm conclusion that the construction given to

§ 1400(b) by this Court precluded any exceptions to the rule that it was the sole and exclusive statute controlling venue in patent infringement suits.

Kockum now argues, relying principally on *Chas. Pfizer & Co. v. Laboratori Pro-Ter Prodotti Terapeutici*, 278 F. Supp. 148, 154 (S.D. N.Y. 1967) and similar cases,⁹ that neither the Seventh Circuit in *Coulter* nor this Court in *Fourco* "considered the legislative history of § 1391(d) as reflected in the Revisers' Notes which distinguishes it from § 1391(c) and shows that § 1391(d) unlike § 1391(c) was intended to supplement § 1400(b)." The Revisers' Notes with respect to § 1391(d) are as follows, 28 U.S.C.A., p. 62:

"Subsection (d) of this section is added to give statutory recognition to the weight of authority concerning a rule of venue as to which there has been a sharp conflict of decisions. See (*Sandusky Foundry & Machine Co. v. De Lavand*, 1918, D.C. Ohio, 251 F. 631, 632, and cases cited. See also *Keating v. Pennsylvania Co.*, 1917, D.C. Ohio, 245 F. 155 and cases cited.)"

Review of the *Sandusky* and *Keating* cases (men-

⁹ *Societe Industries Mechaniques Allies v. Honorable Oren R. Lewis et al*, unreported, cert. den. June 7, 1971 (4 Cir. 1971); *Olin Mathieson Chemical Corp. v. Molins Organizations, Ltd.*, 261 F. Supp. 436 (E.D. Va. 1966); *Japan Gas Lighter Association v. Ronson Corp.*, 257 F. Supp. 219 (D. N.J. 1966); *Deering Milliken Research Corp. v. Stahlecker*, 166 U.S.P.Q. 321 (D.S.C. 1969); *SCM Corp. v. Brother International Corp.*, 316 F. Supp. 1328 (S.D. N.Y. 1970); *Deering Milliken Research Corp. v. Vecchioni*, 168 U.S.P.Q. 59 (E.D. Va. 1970).

tioned in the preceding quotation), and of the authorities cited therein, shows that the "conflict of decisions" with which Congress was concerned centered on the *general venue issue* regarding alien defendants. The cases and authorities reveal *no other venue conflict*. It is thus clear that in adding § 1391(d), Congress intended, merely, to recognize the then weight of judicial authority regarding venue *generally* in a suit against an alien. Clearly, there was no intent to have § 1391(d) create an exception to § 1400(b). If such an intent had been present, appropriate revision would have been made directly to § 1400(b).

Language in *Fourco* regarding § 1391(c) and corporations vis-a-vis § 1400(b) is fully applicable in the present case to § 1391(d) and aliens (353 U.S. at 228):

"The main thrust of respondents' argument is that § 1391(c) [1391(d)] is clear and unambiguous and that its terms include all actions—including patent infringement actions—against corporations [aliens], and, therefore, that the statute should be read with, and as supplementing, § 1400(b) in patent infringement actions. That argument is not persuasive, as it merely points up the question and does nothing to answer it. For it will be seen that § 1400(b) is equally clear and, also, that it deals specially and specifically with the venue in patent infringement actions. Moreover, it will be remembered that old § 52 of the Judicial Code (28 USC (1940 ed) § 113) was likewise clear and generally embracing, yet the *Stonite* case held that it did not supplement the specific patent infringement venue section (then §

48 of the Judicial Code, 28 USC (1940 ed) § 109). The question is not whether § 1391(c) [1391(d)] is clear and general, but, rather, it is, pointedly, whether § 1391(c) [1391(d)] supplements § 1400(b), or, in other words, whether the latter is complete, independent and alone controlling in its sphere as was held in *Stonite*, or is, in some measure, dependent for its force upon the former." (Bracketed parts added for emphasis.)

Clearly, then, and as this Court has already determined in *Fourco*, the 1948 revision to the Judicial Code made no substantive change to § 1400(b). If Congress had intended to reverse its policy expressed in the Act of 1897, and to expand rather than limit the forums in which an alleged patent infringer could be sued, it would have made a change directly in § 1400(b). In the same section of the statute, § 1400 (a), Congress made it clear that in copyright cases a defendant could be sued in any district where "the defendant or his agent resides or may be found."¹⁰ The limitations which appear as to defendants in patent infringement suits in § 1400(b) were intended to cover *all* defendants, not just some as argued by *Kockum*.

¹⁰ "§ 1400. Patents and copyrights

"(a) Civil actions, suits, or proceedings arising under any Act of Congress relating to copyrights may be instituted in the district in which the defendant or his agent resides or may be found."

A patent owner is well protected against alien importers of infringing articles, including aliens who are not subject to suit in any District Court.

The supposed dire consequences and injustices to patent owners, predicted to result from failure to except alien importers of infringing articles from the special patent venue statute, are more imagined than real (*Pfizer*, 278 F. Supp. at 153). Assuming that an alien producer's articles are imported that infringe a United States patent, and the alien source is not subject to suit under the provisions of § 1400(b) anywhere in the United States, the patent owner has at least two ways of obtaining effective protection and relief. First, he can sue anyone in this country who "... uses or sells ..." the patented invention.¹¹ And, on obtaining a final decision supporting validity of the patent, the owner is in a position to stop all others who make, use or sell the invention in the United States.¹²

Secondly, a patent owner can proceed via the Tariff Commission for exclusion from entry into the United States of infringements.¹³ The Secretary of

¹¹ 35 U.S.C. § 271, Act of July 19, 1952; c. 950, 66 Stat. 811.

"Infringement of patent

"(a). Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent."

¹² *Blonder-Tongue Labs v. University of Illinois Foundation*, 402 U.S. 313 (1971).

¹³ Section 337 of the Tariff Act of 1930, c. 497, 46 Stat. 703, 19 U.S.C. § 1337.

the Treasury can forbid entry into this country through all ports of entry of anything which violates a United States patent. In this connection, it is noteworthy that it has been held that under such proceedings the validity of the patent may not be questioned by the Tariff Commission or by the appellate court, because a "patent must be considered valid unless and until a court of competent jurisdiction has held otherwise."¹⁴ This means that while an alien importer may be able to avoid an infringement suit in a District Court, he will be subject to a Tariff Commission proceeding in which he will not be able to raise the most effective defense, i.e., invalidity of the patent.

Reference to the Tariff Act is most illuminating with respect to how Congress intended to protect owners of United States patents from alien importers. *In re Orion Co.*, 71 F.2d 458 (C.C.P.A. 1934) is a case dealing with § 337 of the Tariff Act of 1930 (19 U.S.C. § 1337), in which the following is stated (at 467):

"At the time H.R. 2667 was being considered, the United States Tariff Commission called the attention of the Ways and Means Committee to the difficulties had in the administration of sections 315, 316, and 317 of the Tariff Act of 1922 and made this suggestion:

"Importance of Commission's Jurisdiction of Patent Infringements.

"Existing law, apart from section 316, is wholly inadequate to protect domestic owners of

¹⁴ *In re Von Clemm*, 229 F.2d 441, 444 (C.C.P.A. 1955).

patents from violation of their patent rights through the importation and sale of infringing articles. Such infringing articles may be and are imported in large quantities and distributed throughout the United States. The owner of a patent, seeking to protect himself, is confronted with the necessity of proceeding against individual wholesalers or retailers. The resulting multiplicity of suits imposes an impossible burden. Stoppage of importation of infringing articles through an order of exclusion from entry is the only effectual remedy. The jurisdiction of district courts and the scope of any decree issued by them do not extend to the importation or exclusion of imported merchandise from entry into the United States. Section 316, therefore, as construed by the Tariff Commission in its findings now before the Court of Customs Appeals for review, affords an exclusive remedy. (Vol. 17, Supp. to Tariff Readjustment Reports on Tariff Bill of 1929, page 10667.)'

"Thereafter, the committee reported to the House, in part, as follows: 'The only change made by the section over existing law is the elimination of the provision which authorized the President to impose such additional duties not in excess of 50 per cent or less than 10 per cent of the value of the article imported in violation of the section as would offset the unfair method or act employed. The committee feels that this provision should not be retained for the reason that the imposition of penalty duties to offset violations is entirely inadequate to prevent further violations. The effective remedy is to exclude from entry the articles concerned in the violation. (Report Ways

and Means Com. on H. R. 2667, Rept. No. 7, 71st Congress, 1st Session, p. 166.)'”

See also *In re Amtorg Trading Corporation*, 75 F.2d 826 (C.C.P.A. 1935) which held that § 337 of the Tariff Act of 1930 could not be extended to protecting the owner of a United States process patent from importation of an unpatented product made in a foreign country according to the patented process. In order to give owners of United States process patents the protection denied them in *Amtorg*, § 1337a was added to Title 19 in 1940 expressly covering an imported product made in violation of a United States process patent.¹⁵

From the foregoing it is clear that Congress, in enacting the Tariff Acts of 1922 and 1930, was well aware that an alien importer of infringing articles, under certain circumstances, could avoid an infringement suit in the United States. Its answer to this situation was § 316 of the Tariff Act of 1922, and § 337 of the Tariff Act of 1930. As the Tariff Commission stated in its decision which was under review in *Amtorg* (75 F.2d at 829, n. 3):

¹⁵ “§ 1337a. Same; importation of products produced under process covered by claims of unexpired patent”

“The importation for use, sale, or exchange of a product made, produced, processed, or mined under or by means of a process covered by the claims of any unexpired valid United States letters patent, shall have the same status for the purposes of section 1337 of this title as the importation of any product or article covered by the claims of any unexpired valid United States letters patent.” Act of July 2, 1940, c. 515, 54 Stat. 724.

"'In enacting section 316 of the Tariff Act of 1922 [19 USCA §§ 174-180] and section 337 of the Tariff Act of 1930 the Congress did in effect . . . what . . . was not done by amendment to the patent laws. . . .'"

CONCLUSION

This Court, adhering to established rules of statutory construction,¹⁶ has consistently, and correctly, refused to enlarge upon the Congressional mandate concerning venue in patent infringement suits.¹⁷ It has refused to permit the general venue statute to prevail over the special patent venue statute. It has done so, quite apparently, fully recognizing that history affords no showing of the requisite Congressional intent which would permit such an enlargement.

The present suit is but another attempt to expand, extra-Congressionally, the forums in which patent infringement suits may be brought. In this attempt, Kockum should fare no better than the moving parties in *Stonite*, *Fourco*, *Schnell* and *Coulter*.

¹⁶ *MacEvoy v. United States*, 322 U.S. 102, 107 (1944); *Ginsberg & Sons v. Popkin*, 285 U.S. 204, 208 (1932).

¹⁷ In *Schnell v. Eckrich & Sons*, 365 U.S. at 264, the Court said: "The requirement of venue is specific and unambiguous; it is not one of those vague principles which, in the interest of some overriding policy, is to be given a 'liberal' construction." *Olberding v. Illinois Cent. R. Co.*, supra. (346 US at 340)." (See also *Grantham v. Challenge-Cook Bros., Inc.*, 420 F.2d 1182, 1184 (7 Cir. 1969).

The judgment of the Court of Appeals for the Ninth Circuit should be reversed.

Dated, Portland, Oregon, January 14, 1972.

Respectfully submitted,

J. PIERRE KOLISCH
JON M. DICKINSON
1004 Standard Plaza
Portland, Oregon 97204
Telephone: (503) 224-6655
Attorneys for Petitioner

KOLISCH, HARTWELL & DICKINSON
1004 Standard Plaza
Of Counsel

JAN 19 1972

E. ROBERT SEEVER, CLERK

IN THE

**SUPREME COURT
OF THE UNITED STATES**

OCTOBER TERM, 1971

No. 70 — 314

BRUNETTE MACHINE WORKS LTD., *Petitioner,*

vs.

KOCKUM INDUSTRIES, INC., *Respondent.*

**ON WRIT OF CERTIORARI TO THE UNITED
STATES COURT OF APPEALS FOR THE NINTH CIRCUIT**

**BRIEF OF I.T.L. INDUSTRIES LIMITED
AMICUS CURIAE**

**Martin J. Adelman
Counsel for Amicus Curiae
I.T.L. Industries Limited
McGLYNN, REISING, MILTON
& ETHINGTON
1650 West Big Beaver Road
Troy, Michigan 48084**



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**BRIEF OF I.T.L. INDUSTRIES LIMITED
AMICUS CURIAE**

INTRODUCTION

This brief, Amicus Curiae, in support of Brunette Machine Works Ltd. is filed with the consents of the parties pursuant to Rule 42 of the Rules of this Court. The requisite written consents of the parties are on file with the Clerk.

STATEMENT OF THE QUESTION PRESENTED

The question before the Court is whether the exclusive venue provision, § 48,¹ pertaining to venue in patent infringement actions was applicable to alien defendants at the time Congress passed the 1948 Judicial Code. It is, of course, settled that Congress in passing the 1948 Judicial Code did not intend to change venue in patent infringement actions.²

INTEREST OF THE AMICUS CURIAE

I.T.L. Industries Limited is a substantial, publicly-held Canadian corporation doing business in the United States through two wholly owned subsidiaries, Ray-O-Lite International and Ray-O-Lite, Inc. I.T.L. Industries Limited, its president, and two of its Canadian subsidiaries were sued by Amerace Esna in the Northern District of Texas for patent infringement (patent 3,332,327). This infringement action was predicated on the broad concept of inducement to infringe based on acts committed in connection with the operation of the two American manufacturing subsidiaries of I.T.L. Industries. As the American subsidiaries, Ray-O-Lite International and Ray-O-Lite, Inc., are respectively Michigan and California corporations, neither could be sued in the Texas District Court because of the exclusive patent

¹ The Judiciary Act of 1911, ch. 231, § 48, 36 Stat. 1100 (1911) [derived from ch. 395, (29 Stat. 695 (1897)), as amended, 28 U.S.C. § 1400 (b) (1964)].

§ 28 U.S.C. § 1400 (1964) provides:

"§ 1400. Patents and copyrights

(a)

(b) Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business."

² *Fourco Glass Co. v. Transmirra Prod. Corp.*, 353 U.S. 222 (1957).

infringement venue provision 28 U.S.C. § 1400(b). At the outset of the Texas action, the Canadians protested, in a motion to dismiss, that venue was not properly laid in Texas, but Judge Hughes, in an unreported decision, ruled that venue was properly laid in Texas for these Canadian defendants because 28 U.S.C. § 1391(d)* supplements 28 U.S.C. § 1400(b). Subsequently, after a trial on the merits, Judge Hughes held the patent valid and infringed in a decision unofficially reported at 171 U.S.P.Q. 186 (N.D. Tex. 1971). An appeal has been taken to the Fifth Circuit asserting both that patent 3,332,327 is invalid as a matter of law and that venue was not properly laid in the Northern District of Texas. I.T.L. Industries Limited is, accordingly, interested in this Court's disposition of the instant case for it will probably control the appeal to the Fifth Circuit on the issue of venue.

While prosecuting the Texas action, Amerace Esna brought suit in the Central District of California against all the Canadians sued in Texas plus the two American subsidiaries for the infringement of the same patent relied on in the Texas infringement action. On plaintiff's motion for summary judgment in California, Ray-O-Lite, Inc., and Ray-O-Lite International were both held by Judge Real to be alter egos of the Canadian corporations and hence bound by Judge Hughes' Texas judgment. An appeal has been taken from that portion of the summary judgment holding Ray-O-Lite, Inc. to be an alter ego, but no appeal has been taken

* 28 U.S.C. § 1391 (1964) provides:

"§ 1391. Venue generally

(a)

(b)

(c)

(d) An alien may be sued in any district."

from the finding that Ray-O-Lite International is an alter ego. In light of the alter ego holding in California, the Canadians are subject to suit for patent infringement in California and in Michigan under § 1400(b), the exclusive patent venue provision.

I.T.L. Industries believes that the decision of Judge Hughes is unique in that § 1391(d) was held to supplement § 1400(b) notwithstanding that all manufacturing of infringing items took place in the United States. Amerace Esna would not have been inhibited in its efforts to enforce its patent rights if Judge Hughes had recognized § 1400(b) as exclusive. The infringing manufacturers were amenable to suit in their respective states of incorporation and, in addition, based on the alter ego holding, the Canadians could have been joined with the subsidiaries in an appropriate forum under § 1400(b). On the other hand, I.T.L. Industries Limited and the associated Canadians are substantially prejudiced when required to respond to infringement charges anywhere in the United States. I.T.L. Industries believes that allowing venue for it in any district is discriminatory vis-a-vis the treatment accorded American corporations in patent infringement actions. For I.T.L. Industries, by an accident of fortune, having built its business in Windsor rather than in Detroit is, under Judge Hughes' holding, required to defend patent infringement actions in locations that Congress has declared are inappropriate for patent infringement actions. In this regard it is interesting to note that the real infringer, Ray-O-Lite, Inc., a company that is making nearly all of the accused infringing devices, could not be joined in the original Texas action because Congress specifically defined the proper districts for bringing infringement actions, and accord-

ingly, Amerace Esna, consistent with § 1400(b), was required to file suit in the Central District of California. Thus, unless this Court reverses, the decision rendered in Texas, an improper forum, will control the decision in California, the forum specified by Congress.

I.T.L. Industries Limited urges that § 1400(b) should be and is the controlling statute with respect to patent infringement actions. Additionally, I.T.L. Industries urges that in the event this Court accepts the policy argument adopted by the Ninth Circuit Court of Appeals to the effect that there must be one forum where an infringer can be sued, § 1391(d) should be permitted to supplement § 1400(b) only where this policy argument is valid such that a rigid application of § 1400(b) would result in an alien being immune to suit in every district. According to this latter approach, aliens would be accorded the benefit of limited venue where possible, which treatment would be consistent with that accorded American corporations, whereas a different rule for aliens would be applied in those limited situations where the countervailing policy was found to control.

ARGUMENT SUMMARY

The special venue provision enacted by Congress for patent infringement actions is the sole and exclusive provision for venue in all infringement actions. When Congress enacted the original patent infringement venue provision, it contracted venue for patent infringement actions and, thereby, excluded all venue principles not within the terms of the provision. Accordingly, general venue principles regarding geographical limitations, though continuing to be of force in general venue situations, were

excluded from application to patent infringement actions, for example, the general venue principle regarding multi-district states as well as the general venue principle regarding aliens.

Public policy requirements do not require that aliens be exempted from the operation of § 1400(b). Although patent infringement plaintiffs have lamented and lower Court opinions have echoed the possibility that aliens will be able to "flood the market" with infringing merchandise with impunity if § 1400(b) is recognized as exclusive for patent infringement actions, the feared situation is imaginary rather than real. Invariably, the cases confirm that domestic distributors or representatives of alien infringers are available for redress of infringement injuries. Additionally, it is often the case that the alien infringer is involved in activities that allow venue under § 1400(b), though that venue would be restricted rather than unlimited.

The question of the applicable venue provision for aliens in patent infringement actions has importance in the context of the international relations of the United States. Fundamental comity considerations support giving § 1400(b) controlling force in patent infringement litigation at the exclusion of the general provision in § 1391(d). In addition to comity, the United States has negotiated treaties of friendship with many of its principal trading partners generally providing that aliens will be accorded the same treatment as domestics in pursuit and defense of legal rights and, therefore, it is imperative, to fulfill these treaty obligations, that aliens not be discriminated against in judicial proceedings. If § 1400(b) is amended by engrafting § 1391(d) thereon, aliens are not accorded the

same treatment as domestics and a conflict arises with the treaty provisions.

History, statutory construction, comity, and treaty commitments all require that § 1400(b) continue to be recognized as exclusive in patent infringement actions, in accordance with this Court's decisions on two previous occasions.

ARGUMENT

§ 48 WAS THE SOLE AND EXCLUSIVE PROVISION FOR VENUE IN ALL INFRINGEMENT ACTIONS.

The definitive interpretation of § 48 prior to the 1948 Code is found in *Stonite Products Co. v. Melvin Lloyd Co.*⁴ where this Court held that § 48 was the sole and exclusive provision for venue in patent infringement actions. In its opinion below,⁵ the Ninth Circuit asserted, in effect, that § 48 was the exclusive venue statute for patent infringement actions only with respect to U.S. defendants, aliens being governed by general venue principles. This view of the state of the law prior to the 1948 Judicial Code is untenable. This Court was manifestly correct when it stated in *Fourco Glass Co. v. Transmirra Products Corp.*⁶ that "§ 1400(b) [§ 48] is a special venue statute applicable, specifically, to all defendants in a particular type of actions, i.e., patent infringement actions."⁷ (Emphasis in original).

⁴ 315 U.S. 561 (1942).

⁵ *Kockum Indus., Inc. v. Brunette Mach. Works Ltd.*, 442 F.2d 420 (9th Cir. 1971).

⁶ 353 U.S. 222 (1957).

⁷ *Id.* 228.

ALL CASES INTERPRETING § 48 AS NOT BEING THE SOLE AND EXCLUSIVE STATUTE REGULATING VENUE IN INFRINGEMENT ACTIONS WERE OVERRULED BY STONITE.

Implicit in the holding of the Ninth Circuit is a holding that a handful of lower Court decisions antedating this Court's decisions in *General Electric Co. v. Marvel Rare Metals Co.*⁸ and *Stonite* survived those decisions by this Court. However, it is clear that these early, lower Court decisions did not survive. *Stonite*, by settling a conflict in the lower Courts as to whether Congress intended to expand or contract venue when it enacted the predecessor to § 48, superseded and supplanted earlier lower Court opinions as to patent venue and established that § 48 was the exclusive provision for venue in patent infringement actions.

In 1897, the Courts were divided as to whether the Judiciary Act of 1789 or the general venue statute of 1887 controlled venue in patent infringement actions. Venue under the Judiciary Act of 1789 would lie wherever the defendant could be found whereas the Act of 1887 provided that venue would be satisfied only in a district where the defendant was an inhabitant. Congress, disturbed by this uncertainty and concerned about abuses that arose when courts applied the Judiciary Act of 1789 to patent infringement actions,⁹ enacted the predecessor of § 48 [hereafter referred to commonly with § 48 merely as § 48] to control venue for patent infringement actions.

⁸ 287 U.S. 430 (1932).

⁹ When the Judiciary Act of 1789 was applied, the defendant could be summoned to a forum remote from his operations, where defense was at best difficult, if the defendant was found in that forum for service.

Against this backdrop, confusion and conflict arose in the lower Courts as to whether § 48 contracted or expanded venue for patent infringement actions. The question of expansion or contraction was critical since the applicability of general venue provisions in patent infringement actions was dependent directly on whether the patent venue provision was exclusive which, in turn, was generally resolved by determining whether venue was expanded or contracted in patent infringement actions when § 48 was passed. Those Courts which concluded that venue for patent infringement actions was expanded presumed that Congress intended that the general venue principles in existence prior to the passage of § 48 would also be applicable to patent infringement actions after passage of § 48. On the other hand, those Courts which concluded that § 48 was intended to contract venue determined that Congress intended § 48 to be the sole and exclusive provision for venue in all patent infringement actions.

When § 48 was passed in 1897, certain venue principles were accepted as being of general applicability. First, this Court had decided in *In re Hohorst*¹⁰ that venue for suits against aliens was governed by the Judiciary Act of 1789. Second, under § 740,¹¹ when suit was brought against more than one defendant in a multidistrict state, each defendant being separately suable according to the applicable venue statute in a district of that state, but there being no district where all the defendants could be sued, then suit could

¹⁰ 150 U.S. 553 (1893).

¹¹ R.S. § 740 [derived from ch. 27, 11 Stat. 272 (1858)], as amended, ch. 231, § 52, 36 Stat. 1101 (1911), as amended, 28 U.S.C. § 1392 (1964).

be brought in any district of the state against all defendants where at least one defendant could be sued.

One of the early cases that persuasively argued that § 48 was not exclusive is *Zell v. Erie Bronze Co.*¹² The Court in *Zell* argued vigorously that § 48 was intended to expand venue in patent infringement actions and, therefore, that general venue principles in existence as of the date of passage of that act continued to be applicable to patent infringement actions. On this rationale, *Zell* held that the geographical venue principle [multidistrict principle], in existence prior to 1897 by virtue of § 740 was applicable to patent infringement actions. Similarly, the Court in *Sandusky Foundry & Machine Co. v. De Lavaud*¹³ held that § 48 was intended to expand venue and hence was not exclusive. The *Sandusky* Court then applied the general principle with respect to aliens in existence prior to the passage of § 48. Thus, as a principle of general venue, *Sandusky*, following *Hohorst*, concluded that an alien could be sued in any district where found.

Finally, the conflict in the Courts below required that this Court grant certiorari in *Stonite* since the Third Circuit had held, directly contrary to the Ninth Circuit, that § 48 was not intended to be the exclusive provision with respect to patent infringement actions. *Stonite* reviewed the legislative history of § 48 and concluded that it was intended to contract, not expand, venue for patent infringement actions. Having resolved this issue, this Court answered affirmatively the question whether § 48 was intended by Congress to be the sole and exclusive provision

¹² 273 F. 833 (E.D. Pa. 1921).

¹³ 251 F. 631 (N.D. Ohio 1918).

for venue in patent infringement actions. Accordingly, this Court in *Stonite* held that the geographical venue principle regarding multidistrict states was not applicable to patent infringement actions.

STONITE OVERRULED SANDUSKY'S HOLDING THAT § 48 WAS NOT EXCLUSIVE, BUT LEFT INTACT ITS HOLDING CITED BY THE REVISERS OF THE 1948 CODE THAT UNDER GENERAL VENUE PRINCIPLES ALIENS MAY BE SUED WHERE FOUND.

This Court's clear and decisive holding in *Stonite* that Courts which viewed § 48 as the exclusive venue provision were correct and that those permitting the use of general venue principles in patent infringement actions were wrong was the state of the law when the 1948 Judicial Code was passed. Specifically, *Stonite* had clearly superseded and rendered incorrect that aspect of *Sandusky* which held that § 48 was not the exclusive provision for patent infringement actions and that, therefore, venue as to an alien was governed by general venue principles. Naturally, *Stonite* did not cast any doubt on the other aspect of the holding in *Sandusky* to the effect that as a principle of general venue, consistent with earlier decisions, including *Hohorst*, an alien may be sued in any district where found. The Revisers of the 1948 Code clearly understood that *Stonite* overruled the holding in *Sandusky* that § 48 was not controlling for alien defendants while leaving intact *Sandusky's* holding that under general venue provisions an alien may be sued where found.

THE CITATION TO SANDUSKY IN THE REVISERS' NOTE TO § 1391(d) IS CONSISTENT WITH AND CONFIRMS THE EXCLUSIVITY OF § 48 [§ 1400(b)] AND, MORE IMPORTANTLY, ITS INDEPENDENCE OF COEXISTING GENERAL VENUE PRINCIPLES.

The Ninth Circuit, in the instant case, relied on a District Court opinion rendered in *Chas. Pfizer & Co. v. Laboratori Pro-Ter Prodotti Therapeutici*.¹⁴ Judge Mansfield in *Pro-Ter* relied on policy arguments and the inclusion of the citation to *Sandusky* in the Revisers' note to § 1391(d) to support the proposition that § 1391(d) modifies § 1400(b).

But the Revisers' citation to *Sandusky* in § 1391(d) is consistent with the exclusive character of § 1400(b) for patent infringement litigation. *Sandusky* considered two separate and distinct venue problems: (1) the problem involved with alien defendants generally, and (2) the question of the exclusivity of § 48. *Stonite* resolved the question of the exclusivity of § 48 whereas that portion of the *Sandusky* opinion regarding the question of venue generally for alien defendants continued, after *Stonite*, to be valid both in its analysis and for its collection of pertinent law. The Revisers, when setting forth general venue provisions, specifically codified that branch of *Sandusky* which survived *Stonite* in § 1391(d). The Revisers cited *Sandusky* and noted its collection of cases as support for the correctness of § 1391(d) as a general venue provision.¹⁵ Of par-

¹⁴ 278 F. Supp. 148 (S.D.N.Y. 1967).

¹⁵ The Revisers' note to § 1391(d) states:

"Subsection (d) of this section is added to give statutory recognition to the weight of authority concerning a rule of venue as to which there has been a sharp conflict of decisions. See (*Sandusky Foundry & Machine Co. v. De Lavaud*, 1918, D.C. Ohio, 251 F. 631, 632, and cases cited. See also *Keating v. Pennsylvania Co.*, 1917, D.C. Ohio, 245 F. 155 and cases cited.)"

28 U.S.C.A. 62 (1962).

ticular importance is the conspicuous absence of a parallel codification in § 1400(b) to the effect that an alien may be sued in any district in a patent infringement action. Inclusion of such a provision in § 1400(b) would have represented a substantial change in the law requiring extensive comment in the notes. Thus, the Revisers correctly codified only that branch of *Sandusky* which survived *Stonite*.

The Ninth Circuit in following *Pro-Ter* failed to take account of the import of *Sandusky* at the time it was rendered and its dual analysis of the independent patent and alien questions, the effect of *Stonite* on the patent facet of that decision, and the acknowledgment by the Revisers that *Sandusky* while reciting the law with respect to venue for aliens in the context of general venue did not recite the law with respect to venue for aliens in the context of patent infringement actions. This history and the conclusion dictated thereby in the instant case are inescapable when the progress of the law regarding venue is traced from its earliest origins to the present day. It is submitted, therefore, that § 1400(b) is indeed exclusive with respect to patent infringement actions and that aliens are not excluded from the requirements of that venue provision.

THERE ARE NO SOUND PUBLIC POLICY REASONS FOR EXEMPTING ALIENS FROM § 1400(b).

Aliens having a regular and established place of business in a judicial district where they commit acts of infringement can be sued in that district by the terms of § 1400(b). In addition, aliens are subject to suit under § 1400(b) where they reside, for example where alter egos are located. However, since aliens can conceivably engage in business

where they infringe subsisting patents without operating in a fashion bringing them within the venue provision of § 1400(b), it is conceivable that aliens can commit acts of infringement, yet be beyond suit because of the limited venue provided by § 1400(b).

In some lower Courts, this possibility has been considered unacceptable and, accordingly, the exclusivity of § 1400(b) has been avoided on various rationales. The lower Courts have characterized the result as one whereunder aliens could sue infringers in United States District Courts but domestic patentees could not sue alien defendant infringers. If this were all there was to the problem, then perhaps the public policy requiring accountability might be entitled to some consideration in determining whether Congress did in fact do what Congress did. Fortunately, the fears expressed by plaintiffs and echoed by lower Court judges are more imagined than real. In fact, no case has been encountered wherein the domestic plaintiff patentee is left without a suitable defendant unless the alien is brought to Court contrary to § 1400(b).

*SCM Corp. v. Brother International Corp.*¹⁶ was a patent infringement suit against a defendant alien corporation. A domestic distributor, Brother International Corporation, noted in the opinion to be financially responsible having assets in excess of \$10 million and a net worth in excess of \$2 million, was a codefendant in the infringement action. Nothing whatever in the opinion suggests that relief from the alleged infringement would have been impossible without joining the alien corporation. To the contrary, the facts are clear that the domestic distributor afforded the plaintiff adequate relief from any patent infringement.

¹⁶ 316 F. Supp. 1328 (S.D.N.Y. 1970).

In *Pro-Ter*, the case relied on by the Ninth Circuit and the District Court in *Brother International*, the alien corporation had two representatives in New York. Again, as in the *Brother International* case, there is no indication in the opinion that the alleged infringement could not have been redressed without the inclusion of the alien corporation. The representatives, two domestic corporations, were joined with *Pro-Ter* and charged with infringement with respect to business done on behalf of *Pro-Ter*. These two corporations were substantial concerns engaging in other business and engaging in business for companies other than *Pro-Ter*.¹⁷ Although Judge Mansfield indicated that if § 1400(b) had been held to be controlling, then *Pro-Ter* would have been entitled to dismissal, the opinion does not suggest that satisfactory enforcement of the plaintiff's patent rights would have been impossible if the two domestic corporations had been the only defendants.

In *Olin Mathieson Chemical Corp. v. Molins Organizations, Ltd.*,¹⁷ an alien corporation was sued with venue based on § 1391(d). In this case, the alien corporation had a subsidiary, organized in 1931, in the state of New York. All infringing sales were made by this New York subsidiary. No reason appears in this opinion why the subsidiary did not afford satisfactory relief from the alleged patent infringement. However, permitting suits against aliens anywhere permitted plaintiff to choose Virginia as the forum.

In *Coulter Electronics, Inc. v. A. B. Lars Ljungberg & Co.*,¹⁸ the Seventh Circuit, following *Stonite* and *Fourco*,

¹⁷ 261 F. Supp. 436 (E.D. Va. 1966).

¹⁸ 376 F.2d 743 (7th Cir.), cert. denied, 389 U.S. 859 (1967).

dismissed an alien from a patent infringement action for want of venue. The alien corporation had a sole and exclusive distributing agency in the United States located in the State of Illinois. There is no reason suggested in the opinion why the alien corporation was necessary for protecting plaintiff's patent rights when the domestic distributor corporation was available.

In the case at bar, Brunette Machine Works Ltd, was sued by Kockum Industries, Inc. for infringement based on a licensing agreement between Brunette and Salem Equipment, Inc. In addition, Brunette was sued by Kockum Industries in Canada on the grounds that Brunette infringed the Canadian counterparts of the United States patents in suit. Salem Equipment was also separately sued by Kockum Industries. Clearly, Brunette had an adequate remedy available even if § 1400(b) had been recognized as exclusive.

Finally, in the suit against Amicus, I.T.L. Industries Limited, the real infringer, an American subsidiary of I.T.L. Industries, could not be sued in Texas and, therefore, a second suit was required in California against this American corporation. Clearly the patent plaintiff, Amerace Esna, had an adequate remedy for infringement by suit, in an appropriate forum, directly against the infringing American subsidiary. In addition, since the two American subsidiaries of I.T.L. Industries were held to be alter egos of I.T.L. Industries, suit was proper against I.T.L. Industries under § 1400(b), in an appropriate forum but not Texas, on the basis of the alter ego relationship.

The foregoing cases are typical, exemplifying the situations encountered with respect to the interplay between § 1400(b) and § 1391(d). Patent infringement plaintiffs

attempt to join alien corporations for a variety of reasons, none of which relates to failure of remedy without such joinders. First, the lawyer's talisman for joining everyone available requires that an alien be joined; this situation is typified by *Brother International* and *Pro-Ter*. Second, the desire on the part of a patent infringement plaintiff to bind the alien corporation as in *Coulter* and in the case at bar. Third, and most significantly, the benefit of forum shopping as suggested in *Olin Mathieson* where the alien corporation was sued in Virginia whereas the domestic subsidiary was a New York corporation for whom Virginia venue normally would not have been available and in the Texas suit against *Amicus* where a subsequent suit in California was required to reach the real infringer. In viewing these three motivating considerations, it should be apparent that the equities vocally asserted by plaintiffs and echoed in lower Court opinions are, in fact, nonexistent.

As a matter of fact, the possibility of suing an alien in any jurisdiction is peculiarly susceptible to abuse. The principal abuse, of course, is forum shopping whereby a plaintiff undertakes to select his forum to obtain an advantage. In passing, this forum shopping element is particularly important in view of the increased significance accorded prior adjudications as dictated by *Blonder-Tongue*.¹⁹ If aliens are held liable to defend patent infringement suits in any district, they will be forced to respond in situations where Congress has clearly and unequivocally declared patent infringement defendants should not be called upon to defend. As to aliens, a plaintiff could, if this Court affirms, pick that forum most likely to find the

¹⁹ *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313 (1971).

patent valid and infringed; thus, patentees would be given a powerful weapon, particularly when coupled with the broad doctrine of inducement to infringe under 35 U.S.C. § 271(b) (1964).

ALIENS ARE AND WILL FREQUENTLY BE SUBJECT TO SUIT FOR INFRINGEMENT WITHOUT NEGATING THE EXCLUSIVITY OF THE PATENT VENUE PROVISION, EXCLUSIVITY THAT IS JUST FOR ALIENS WITHOUT CREATING ANY REAL HARDSHIPS FOR PATENT PLAINTIFFS.

It should be understood that the issue regarding the applicability of § 1391(d) to alien defendants in patent infringement actions is not an all or nothing proposition. Clearly, aliens having a regular place of business and committing acts of infringement within a district are subject to suit according to the terms of § 1400(b). The availability of this direct suit will provide venue in numerous situations.

The infringement action against Amicus, I.T.L. Industries Limited, graphically illustrates the injustice of supplementing § 1400(b) with § 1391(d). I.T.L. Industries operates in the United States through two wholly owned subsidiaries incorporated respectively in California and Michigan; both subsidiaries have been adjudged alter egos of I.T.L. Industries. If aliens are subject to suit in any forum where service is possible, I.T.L. Industries is subject to suit in any forum notwithstanding that it operates in the United States through wholly owned subsidiaries. For example, I.T.L. Industries was sued in Texas, where neither American subsidiary could be sued because of the venue limitations of § 1400(b), in spite of the fact that all infringing products were made in the United States

by the California and Michigan subsidiaries. I.T.L. Industries is clearly subject to substantial abuse in being required to defend in remote forums. Unlike the outcry of infringement plaintiffs, where no real substantiation of insulation for aliens has ever been demonstrated, the situation just described is quite real, for I.T.L. Industries was forced into Texas to defend where venue did not lie under § 1400(b) in spite of the fact that it protested vociferously.

Although the facts of the recorded cases do not include any situation where a patent infringement plaintiff is at a disadvantage with respect to enforcing his rights when an alien is involved, there is a situation where the exclusion of alien corporations from the venue provision could present a hardship. This situation would arise if the alien corporation sold directly to a plurality of American purchasers and multiple suits against the purchasers were impossible. Although no case having this fact pattern has been encountered, and it is not even apparent that such a case could arise, it should be understood that the plaintiff would not be entirely without means to redress his grievance. Relief could be sought under the Tariff Act²⁰ which provides that the President can prohibit the import of infringing products. Indeed, this provision seems to have been constructed to cover just this situation. From the foregoing, it is apparent that Judge Mansfield missed the mark when he wrote:

“[T]he effect of holding § 1400(b)'s requirements exclusive in a suit against an alien would be to permit a foreign infringer, who conceivably could flood this country with merchandise known by it to in-

²⁰ 19 U.S.C. § 1337 (1964).

fringe, to escape responsibility merely because it did not maintain a regular business here."²¹

THE DECISION BELOW CONFLICTS WITH SETTLED PRINCIPLES OF COMITY AS WELL AS UNITED STATES TREATY OBLIGATIONS.

If § 1391(d) is engrafted onto § 1400(b), Amicus along with all other alien corporations will be severely discriminated against vis-a-vis domestic patent infringement defendants. This follows from a consideration of the possible suits which can be filed against the patent infringement defendant. For example, if this Court affirms, Amicus, though operating through a Michigan and a California subsidiary, can be sued in any forum where process may be had. Whereas if it were to move from Windsor, Ontario to Detroit, Michigan and become a Michigan corporation, the possible forums for patent infringement plaintiffs would be severely curtailed. This discrimination is without countervailing redeeming considerations regarding the plight of the patent infringement plaintiff. As demonstrated above, that plaintiff can redress his grievances by suits against subsidiaries or distributors. In the case of Amicus, satisfaction is assured infringement plaintiffs, for Amicus could be sued in those districts where its alter ego subsidiaries could be sued. Reversal would put Amicus on the same footing as domestic corporations.

Indeed fundamental comity considerations dictate that § 1400(b) continue to control patent infringement litigation and that § 1391(d) be limited to general venue situations. Otherwise aliens are put at a disadvantage as

²¹ 278 F. Supp. 148, 153 (S.D. N.Y. 1967).

noted above by comparison with domestics, such discrimination is unjustifiable.

It should be noted, that in addition to considerations of comity, American treaty obligations require reversal, for since the passage of the 1948 Judicial Code, the United States has entered into treaties of friendship with many of its principal trading partners. These treaties generally provide that aliens will be accorded the same treatment as domestics. Each treaty has a specific section relating to national treatment for aliens in judicial and administrative proceedings, both in pursuit and in defense of their rights. A typical provision included in these treaties is as follows:

“Nationals and companies of either Party shall be accorded national treatment with respect to access to the courts of justice and to administrative tribunals and agencies within the territories of the other Party, in all degrees of jurisdiction, both in pursuit and in defense of their rights. It is understood that companies of either Party not engaged in activities within the territories of the other Party shall enjoy such access therein without any requirement of registration or domestication.”²²

It should be noted that these treaties would supersede

²² Treaty with Federal Republic of Germany on Friendship, Commerce and Navigation, Oct. 29, 1954, art. VI, para. 1, [1956] 2 U.S.T. 1839, T.I.A.S. No. 3593. Similar provisions are included in other treaties, e.g., Convention of Establishment with France, Nov. 25, 1959, art. III, para. 1, [1960] 2 U.S.T. 2398, T.I.A.S. No. 4625; Treaty of Friendship, Commerce and Navigation with Japan, Apr. 2, 1953, art. IV, para. 1, [1953] 2 U.S.T. 2063, T.I.A.S. No. 2863; and Treaty of Friendship, Commerce and Navigation with the Italian Republic, Feb. 2, 1948, art. V, para. 4, 63 Stat. 2255, T.I.A.S. No. 1965.

the 1948 Code if found conflicting.²³ However, such conflict should not be assumed unless clearly shown, and as reversal is called for, no conflict will arise.

**VENUE PROVISIONS ARE NOT TO BE LIBERALLY
CONSTRUED; RATHER, THE CONGRESSIONAL
MANDATE IS TO BE ACCEPTED AND CONGRES-
SIONAL ACTION IS TO BE AWAITED FOR CHANGE.**

As this Court noted on a previous occasion in *Schnell v. Peter Eckrich & Sons, Inc.*²⁴ when it was called upon to expand the patent venue provision:

"The requirement of venue is specific and unambiguous; it is not one of those vague principles which, in the interest of some overriding policy, is to be given a 'liberal' construction."²⁵

In that case as in the instant case:

"The practice complained of here was not at all unusual at the time of this statute's passage, and for us to enlarge upon the mandate of the Congress as to venue in such patent actions would be an intrusion into the legislative field."²⁶

The thrust of this argument is particularly pertinent in the instant case as Congress was aware of the situations

²³ The discrimination against aliens cited for patent infringement litigation which would result if aliens were subject to suit under the terms of § 1391(d) is not present for § 1391(d) when limited to general venue situations. This follows since domestics, under venue generally, are essentially subject to suit in any district in which service can be had as are aliens under § 1391(d). Thus, § 1391(d) standing alone does not conflict with any treaty obligations, but a conflict does arise when § 1400(b) is amended by engrafting § 1391(d) thereon.

²⁴ 365 U.S. 260 (1961).

²⁵ *Id.* 264, quoting *Olderling v. Illinois Cent. R.R.*, 346 U.S. 338, 340 (1953).

²⁶ 365 U.S. at 262-63 (footnote omitted).

regarding aliens and patent actions when it contracted patent venue in 1897.

In *Schnell*, this Court noted that enlargement of venue in patent actions is a legislative matter. Similarly, the Seventh Circuit in *Coulter* stated:

"It may well be that Congress should take appropriate action so that a foreign manufacturer may not infringe United States patents with impunity and sell the infringing device in this country by means of an exclusive sales contract which provides for a passing of title of the product in the foreign country."²⁷

As the Supreme Court had already resolved the question of exclusivity for § 1400(b) and as the threat to patent infringement plaintiffs was not extensive, the Seventh Circuit correctly declined to amend § 1400(b) with § 1391(d).

CONCLUSION

The patent venue § 1400(b) is a special venue statute applicable specifically to all defendants in a particular type of action, i.e. patent infringement. This is the situation today and has been the situation since the *Stonite* case in 1942. Fears conjured up by patent infringement plaintiffs regarding the failure of available defendants for redressing alleged infringements are unfounded. History and statutory construction require that § 1400(b) be accorded the exclusive character ascribed to it by this Court on two previous occasions. This is necessary to preclude abuse of a different rule for aliens than that for domestics regarding the very complex and protracted defense of patent infringement actions. In addition, it is necessary that the

²⁷ 376 F.2d at 745.

Court be sensitive to principles of comity and that the Court accord proper regard to treaty obligations between the United States and its trading partners on this, a matter directly affecting trade. Amicus, accordingly, urges that this Court resolve what will hopefully be the last issue as to the exclusivity of a statute passed in 1897 and held, on two prior occasions, to be exclusive.

Respectfully submitted,

Martin J. Adelman

Counsel for Amicus Curiae

I.T.L. Industries Limited

McGLYNN, REISING, MILTON

& ETHINGTON

1650 West Big Beaver Road

Troy, Michigan 48064

Supreme Court, U.S.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1971,

No. 70-314

BRUNETTE MACHINE WORKS LTD.,

Petitioner,

vs.

KOCKUM INDUSTRIES, INC.,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF
APPEALS FOR THE NINTH CIRCUIT

BRIEF OF AMERACE ESNA CORPORATION AMICUS CURIAE.

CURTIS F. PRANGLEY,
RONALD A. SANDLER,
J. TERRY STRATMAN,
PRANGLEY, CLAYTON, MULLIN, DITHMAR
& VOGEL,

105 West Adams Street,
Chicago, Illinois 60603,

*Counsel for Amicus Curiae,
Amerace Esna Corporation.*

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IN THE
Supreme Court of the United States

OCTOBER TERM, 1971.

No. 70-314

BRUNETTE MACHINE WORKS LTD.,
Petitioner,

vs.

KOCKUM INDUSTRIES, INC.,
Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF
APPEALS FOR THE NINTH CIRCUIT.

**BRIEF OF AMERACE ESNA CORPORATION
AMICUS CURIAE.**

INTRODUCTION.

This amicus brief is submitted in support of Kockum Industries, Inc., and is filed with the consent of both parties pursuant to Rule 42 of the Rules of this Court. The requisite written consents of the parties are on file with the Clerk.

STATEMENT OF THE QUESTION PRESENTED.

Whether in a patent infringement action against an alien defendant having no regular and established place of business in the United States, venue is controlled by 28 U. S. C. § 1400(b) or by 28 U. S. C. § 1391(d).

INTEREST OF THE AMICUS CURIAE.

Amerace Esna Corporation is a Delaware corporation having its principal place of business in New York City. On June 10, 1969, Amerace Esna Corporation caused suits for infringement of its U. S. Patent No. 3,332,327 to be filed in two different United States District Courts. One suit was filed in the Northern District of Texas, naming as defendants therein Highway Safety Devices, Incorporated (HSD), a corporation having a regular and established place of business in Dallas, Texas; G. D. Morris, the President of HSD and a resident of Dallas, Texas; I. T. L. Industries Limited, a Canadian corporation; two wholly owned Canadian subsidiaries of I. T. L., and Peter Hedgewick, a Canadian citizen. The other suit was brought in the Central District of California and named therein as defendants Ray-O-Lite, Inc., a wholly owned California subsidiary of I. T. L., and also the same Canadian companies and citizen.

In both cases the charge of infringement against the Canadians was based upon their acts of inducing infringement by the local defendants. The infringing articles were constructed in the following manner:—the tools for molding same were manufactured in Canada by one of the wholly owned Canadian subsidiaries of the amicus I. T. L. Those tools were then brought into the United States and were furnished to an unaffiliated molding company in Ohio, which company performed part of the manufacturing operation on the order of the Canadians and was paid by them. The parts were shipped from Ohio, at the direction of the Canadians, either to Ray-O-Lite, Inc., in California, or to an unaffiliated company in Louisiana. These companies completed manufacture of the articles. HSD received completed articles from both the Louisiana company and from Ray-O-Lite, Inc.

The Canadian defendants arranged it so that G. D. Morris and HSD were the exclusive distributor of the

infringing pavement markers in all but the eleven western states of the United States; and that Ray-O-Lite, Inc. was the exclusive distributor in the eleven western states. HSD and G. D. Morris are indemnified by the Canadians and the Canadians paid the expense of and controlled the litigation on behalf of those local defendants.

In each case the Canadian defendants filed a motion to dismiss based on a claim of improper venue and alleged that such parties were neither inhabitants of the respective districts nor did they have regular and established places of business therein so as to bring them within 28 U. S. C. § 1400(b). The motion subsequently was dropped in California, although the allegations were included in the Answers filed by the Canadians. In Texas, Judge Hughes denied, without opinion, the Canadian defendants' motion to dismiss them from the Texas case. The Texas case proceeded to trial on the merits against all of the defendants therein; the patent in suit was held valid and infringed, the decision appearing at 330 F. Supp. 313 (1971), and an appeal has been taken by the Canadian defendants to the Fifth Circuit Court of Appeals on the questions of venue and validity.

Subsequent to the entry of judgment in the Texas case, Amerace filed in California a motion for summary judgment based on res judicata. The California Court found Ray-O-Lite, Inc. (and Ray-O-Lite International, a Michigan subsidiary of I. T. L., which had intervened) to be agents for, alter egos of, and in privity with the Canadians. An appeal has been taken by Ray-O-Lite, Inc. to the Ninth Circuit Court of Appeals.

This Court's disposition of the instant case may have a bearing on the present appeal to the Fifth Circuit Court of Appeals and also may have a bearing on the appeal to the Ninth Circuit Court of Appeals.

The statement of facts in the brief of amicus I. T. L.

Industries Limited, under the heading "Interest of the Amicus Curiae" is inaccurate and incomplete and contains irrelevant argumentative statements.*

*On page 2, the statement that Amerace brought suit in Texas based on acts committed in connection with the operation of the two American manufacturing subsidiaries, including Ray-O-Lite International, is not true. Amerace was unaware of Ray-O-Lite International until after the suit was filed. Moreover, Ray-O-Lite International never manufactured anything.

On page 3, the statement that while prosecuting the Texas action Amerace brought the California action against the Canadians and the two American subsidiaries is not true. Both the California and Texas actions were filed on the same day. Also, Amerace never brought suit against Ray-O-Lite International. Subsequent to the filing of the Texas and California actions the Canadians caused Ray-O-Lite International to file a declaratory judgment action in Detroit and therein moved to enjoin further proceedings in the Texas and California cases. The Detroit action subsequently was withdrawn after Amerace filed its brief opposing such motion. While the Detroit action was pending, Ray-O-Lite International intervened in California.

On page 4, the statement that I. T. L. is discriminated against vis-a-vis the treatment accorded American corporations, because it is required to respond to infringement charges anywhere in the United States, is argumentative and inaccurate. I. T. L. would only be required to respond in a district in which service of process is proper, and in those instances it would have an opportunity to move to quash the service of process.

On page 4, the assertion that the Canadians could be joined with their subsidiaries under Section 1400(b) on the ground that the subsidiaries are the Canadian defendants' alter egos, ignores the fact that the alter ego allegation was denied by the Canadians and the issue is on appeal to the Ninth Circuit Court of Appeals.

On pages 4 and 5, the argumentative comment is made that "... it is interesting to note that the real infringer, Ray-O-Lite, Inc., a company that is making nearly all of the accused infringing devices, could not be joined in the original Texas action. ..." The amicus brief fails to mention that the local defendants in the Texas case purchased, in part, the infringing articles from the Louisiana company, and also fails to mention that the local Texas defendants could not have been sued in California, because venue would not be proper as to them.

On page 5, the argumentative comment that the Texas decision was rendered in an improper forum is untrue. The forum is proper as to the defendants G. D. Morris and HSD, and the unappealed decision against those local defendants is now final.

The arguments on pages 16, 18 and 19 of the I. T. L. brief are inaccurate in view of the facts noted above.

SUMMARY OF ARGUMENT.

Since this Court first considered the question of venue in patent infringement actions against aliens in *In re Hohorst*, the Federal Courts have, with but one exception, consistently held that an alien may be sued for patent infringement in any district in which he can be served. No change in this well-established law was effected by the 1948 Judicial Code, as is made clear by the Reviser's Notes to § 1391(d).

To hold that aliens are not subject to actions for patent infringement under § 1391(d) would grant to aliens an immunity not intended by Congress. Neither actions against sellers and users of the infringing products nor proceedings under the Tariff Act against importers is a feasible alternative to an action for patent infringement against an alien in a United States District Court.

ARGUMENT.

I.

The Question of Venue in Patent Infringement Actions Against Aliens Has Often Been Considered by the Federal Courts.

In 1893 this Court in *In re Hohorst*¹ held that an alien could be sued for patent infringement in any district where service could be effected. The then existing venue statute provided that civil actions could be brought only in the district whereof the defendant was an inhabitant.² The Court in *Hohorst* concluded that this venue statute applied neither to aliens nor to patent infringement actions. Two years later, in *In re Keasbey & Mattison Co.*,³ a trademark infringement action, this Court held that *Hohorst* was limited to actions against aliens and, in particular, patent infringement actions against aliens.⁴ Despite this clear holding in *Keasbey*, the lower courts became confused as to whether *Hohorst* applied also to patent infringement actions against domestic corporations and citizens.

To eliminate this confusion as to domestic infringers, Congress passed the Act of March 3, 1897, defining venue

1. 150 U. S. 653 (1893).

2. "... and no civil suit shall be brought before either of said courts [Circuit Courts and District Courts of the United States] against any person by any original process or proceeding in any other district than that whereof he is an inhabitant; but, where the jurisdiction is founded only on the fact that the action is between citizens of different States, suit shall be brought only in the district of the residence of either the plaintiff or the defendant." Act of March 3, 1887, ch. 373, § 1, 24 Stat. 552, as amended by Act of August 13, 1888, ch. 806, 25 Stat. 433.

3. 160 U. S. 221 (1895).

4. *Id.* at 230.

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in such patent infringement actions.⁵ There was no reference to aliens in this statute.

In *Barrow Steamship Co. v. Kane*,⁶ this Court cited *Hohorst* and other decisions and held that the venue provisions in the Acts of Congress "... have no application to a suit against an alien or a foreign corporation; but such a person or corporation may be sued by a citizen of a State, of the Union in any district in which valid service can be made upon the defendant."⁷ The District Court in *United Shoe Co. v. Duplessis Independent Shoe Machinery Co.*⁸ considered the Act of 1897 and cited *Hohorst* as representing the applicable law that an alien defendant in a patent infringement action could still be sued in any district wherein he was amenable to service of process.

The Act of March 3, 1897, was embodied as Section 48 in the Judiciary Act of March 3, 1911.⁹ In *Sandusky Foundry & Machine Co. v. DeLavaud*¹⁰ and *Keller v. American Sales Book Co.*,¹¹ it was recognized that the law as set forth in *Hohorst* continued in effect after the Judiciary Act of 1911.

In *Stonite Products Co. v. Melvin Lloyd Co.*,¹² this Court

5. "That in suits brought for the infringement of letters patent the Circuit Courts of the United States shall have jurisdiction in law or in equity, in the district in which the defendant is an inhabitant, or in any district in which the defendant, whether a person, partnership, or corporation, shall have committed acts of infringement and have a regular and established place of business. . . ." Act of March 3, 1897, ch. 395, 29 Stat. 695.

6. 170 U. S. 100 (1898).

7. *Id.* at 112.

8. 133 F. 930 (D. Mass. 1904).

9. Act of March 3, 1911, ch. 231, § 48, 36 Stat. 1100 (codified at 28 U. S. C. § 109 (1940)) [hereinafter cited as § 48].

10. 251 F. 631 (N. D. Ohio 1918).

11. 16 F. Supp. 189 (W. D. N. Y. 1936).

12. 315 U. S. 561 (1942).

held that venue in a patent infringement action against a domestic corporation was governed by § 48, and that section was not to be supplemented by § 52¹³ of the same Act, which related to suits against defendants residing in different districts of a multi-district state. The *Stonite* case did not involve alien defendants, neither § 48 nor § 52 dealt with aliens and the Court's decision contained no discussion of or reference to aliens. Thus, the *Stonite* decision in no way conflicted with the then well-established law that patent infringement suits against aliens could be brought in any district, and *Stonite* did not in fact overrule any of the earlier decisions relative to alien venue.

In 1948, the Judicial Code was revised and enacted into law by the Act of June 25, 1948, ch. 646, 62 Stat. 869, 985-992. Section 33 of this Act provides that no inference is to be drawn from the chapter and section arrangements or from the particular catchlines used in the Code.¹⁴ The venue provisions of § 48 became § 1400(b)¹⁵ of the revised Code. Section 1400(b) remains silent with respect to venue in suits against aliens, but § 1391(d) was added to the revised Code to specifically provide that "[a]n alien

13. "When a State contains more than one district, every suit not of a local nature, in the district court thereof, against a single defendant, inhabitant of such State, must be brought in the district where he resides; but, if there are two or more defendants, residing in different districts of the State, it may be brought in either district, and a duplicate writ may be issued against the defendants, directed to the marshal of any other district in which any defendant resides. . . ." Act of March 3, 1911, ch. 231, § 52, 36 Stat. 1101 (codified at 28 U. S. C. § 113 (1940)).

14. "No inference of a legislative construction is to be drawn by reason of the chapter in Title 28, Judiciary and Judicial Procedure, as set out in section 1 of this Act, in which any section is placed, nor by reason of the catchlines used in such title." Act of June 25, 1948, ch. 646, § 33, 62 Stat. 991.

15. "Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business." 28 U. S. C. § 1400(b) (1970) [hereinafter cited as § 1400(b)].

may be sued in any district."¹⁶ The Reviser's Notes to § 1391(d), in citing the *Sandusky* case and *Keating v. Pennsylvania Co.*¹⁷ and the cases cited in each, make it clear that this section was to govern venue in all suits against aliens, including patent infringement suits. (Both *Sandusky* and *Keating* cited *In re Hohorst*.)

In *Fourco Glass Co. v. Transmirra Products Corp.*,¹⁸ this Court again held that venue of a patent infringement action against a domestic corporation is determined exclusively by § 1400(b) and is not to be supplemented by § 1391(c).¹⁹ Since an alien was not involved in *Fourco*, and since neither § 1391(c) nor § 1400(b) deals with aliens, the *Fourco* decision in no way conflicted with, let alone overruled, any of the earlier decisions establishing the rule (codified in § 1391(d)) that a patent infringement action against an alien may be brought in any district where service of process can be effected. A number of decisions subsequent to the 1948 Code revision have specifically held that the law still remains that an alien may be sued for patent infringement in any district in which he may be served.²⁰

16. 28 U. S. C. § 1391(d) (1970) [hereinafter cited as § 1391(d)].

17. 245 F. 155 (N. D. Ohio 1917).

18. 353 U. S. 222 (1957).

19. "A corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes." 28 U. S. C. § 1391(c) (1970).

20. *Société Industries Mécaniques Allies v. Lewis*, unreported (4th Cir.), cert. denied, 403 U. S. 905 (1971); *Amerace Esna Corp. v. Highway Safety Devices, Inc.*, 300 F. Supp. 313 (N. D. Tex. 1971); *Deering-Milliken Research Corp. v. Vecchioni*, 168 U. S. P. Q. 59 (E. D. Va. 1970); *SCM Corp. v. Brother International Corp.*, 316 F. Supp. 1328 (S. D. N. Y. 1970); *Deering-Milliken Research Corp. v. Stahlecker*, 166 U. S. P. Q. 321 (D. S. C. 1969); *Chas. Pfizer & Co. v. Laboratori Pro-Ter Prodotti Thera-*

Since the inception in *Hohorst* of the "any district" venue rule for patent infringement actions against aliens, only one Court has refused to follow that rule. In *Coulter Electronics, Inc. v. A. B. Lars Ljungberg & Co.*,²¹ the Court of Appeals for the Seventh Circuit, relying on the broad language in the *Stonite* and *Fourco* cases, held that § 1400(b) is not to be supplemented by § 1391(d), and concluded that an alien may not be sued for patent infringement unless it has a regular and established place of business in the United States.

The Court in *Coulter* apparently gave no consideration to the Reviser's Notes to § 1391(d).

II.

No Change in Well-Established Decisional Law as to Aliens Was Effected by the 1948 Judicial Code.

In *Fourco*, this Court noted that no changes of law or policy were intended in the 1948 Code unless clearly expressed in the Reviser's Notes and, with respect to the venue provisions of the Code, observed that no such intention was expressed in the Reviser's Notes.²² The fact that § 1391(d) appears under the heading "Venue generally" is of no significance, since section 33 of the statute

peutici, 278 F. Supp. 148 (S. D. N. Y. 1967); *Olin Mathieson Chemical Corp. v. Molins Organizations, Ltd.*, 261 F. Supp. 436 (E. D. Va. 1966); accord, *Japan Gas Lighter Ass'n v. Ronson Corp.*, 257 F. Supp. 219 (D. N. J. 1966).

21. 376 F. 2d 743 (7th Cir. 1967).

22. 353 U. S. at 227-228. *Fourco* held that the prevailing rule under § 48 (28 U. S. C. § 109 (1940)) was carried forward under the provisions of § 1400(b), particularly as regards corporate residence. Since it was also the prevailing rule under § 48 that aliens could be sued for patent infringement in any district, *Fourco* suggests that this rule is also carried forward under § 1400(b). *Japan Gas Lighter Ass'n v. Ronson Corp.*, 257 F. Supp. 219, 226 (D. N. J. 1966).

by which the 1948 Code was enacted into law makes it clear that no inference of legislative construction is to be drawn from the arrangement of the Code sections or from the catchlines used therein.²³

The Reviser's Notes are the key source for determining the Congressional intent of venue provisions of the Code.²⁴ The Reviser's Notes to § 1391(d) are as follows:

"Subsection (d) of this section is added to give statutory recognition to the weight of authority concerning a rule of venue as to which there has been a sharp conflict of decisions. See (*Sandusky Foundry & Machine Co. v. DeLavand* [sic], 1918, D. C. Ohio, 251 F. 631, 632, and cases cited. See also *Keating v. Pennsylvania Co.*, 1917, D. C. Ohio, 245 F. 155 and cases cited.)" (Emphasis added.)

It is significant that the *Sandusky* case was a patent infringement action against an alien, wherein the Court held that § 48 did not apply to actions against aliens and that venue was proper in any district wherein the alien could be served with process. Equally significant is the fact that in both the *Sandusky* and *Keating* cases, the decision in *Hohorst* was cited as expressing the settled law in regard to aliens.

Both petitioner and amicus curiae I. T. L. Industries Limited suggest that the "conflict of decisions" referred to in the Reviser's Notes to § 1391(d) was a conflict with respect to a general venue provision with regard to aliens.²⁵

23. See note 14, *supra*.

24. See 353 U. S. at 228 n. 6; H. R. Rep. No. 308, 80th Cong., 2d Sess. 7 (1947), which contains the statement: "The reviser's notes are keyed to sections of the revision and explain in detail every change made in text. References to court decisions are supplied wherever necessary or appropriate."; *United States v. National City Lines, Inc.*, 337 U. S. 78, 81 (1949); J. Moore, *Judicial Code-Commentary* ¶ 0.03(11), at 77 (1949).

25. Brief for Petitioner at 9; Brief for I. T. L. Industries Limited as Amicus Curiae at 12-13.

However, the opinions in the *Sandusky* and *Keating* cases disclose no conflict whatsoever as to alien venue in original actions,²⁶ but the *Keating* case indicates that there was a conflict of decisions relating to the district to which a domestic defendant might remove an action brought against it in a state court by an alien.²⁷ It is beyond dispute, notwithstanding the speculations of I. T. L., that in citing *Sandusky* and the cases cited therein the Reviser did indeed intend to indicate that the range of cases encompassed by § 1391(d) includes patent infringement actions as well as all other actions against alien defendants.²⁸ Since in *Stonite* this Court was in no way concerned with actions against aliens, that case cannot be construed as overruling or limiting *Sandusky* in any way.²⁹

26. The Court stated in the *Sandusky* opinion as follows:

"The defendants who have appeared are aliens. It seems to be settled law that they are not inhabitants of any district, and may be sued in any district within which process can be served on them. It was so held under what is now section 48 of the Judicial Code (Act March 3, 1911, c. 231, 36 Stat. 1100 [Comp. St. 1916, §§ 1024, 1030]) in *United Company v. Duplessis Company* (C. C.) 133 Fed. 930. Such is said to be the law in *Walker on Patents* (5th Ed.) § 389. The same holding has been repeatedly made under section 51 of the Judicial Code (Comp. St. 1916, § 1033) as applied to causes of action other than suits arising under the patent laws. In *re Hohorst*, 150 U. S. 653, 14 Sup. Ct. 221, 37 L. Ed. 1211; *Barrow Steamship Co. v. Kane*, 170 U. S. 100, 18 Sup. Ct. 526, 42 L. Ed. 964; *Wind River Lumber Co. v. Frankfort Marine Ins. Co.*, 196 Fed. 340, 116 C. C. A. 160; *Keating v. Pennsylvania Co.* (D. C.), 245 Fed. 155. The reasoning applies equally to both classes of cases against alien defendants." (Emphasis added.) 251 F. at 632-633.

27. 245 F. at 156-157.

28. *SCM Corp. v. Brother International Corp.*, 316 F. Supp. 1328, 1331 (S. D. N. Y. 1970); *Chas. Pfizer & Co. v. Laboratori Pro-Ter Prodotti Therapeutici*, 278 F. Supp. 148, 152 (S. D. N. Y. 1967); *Japan Gas Lighter Ass'n v. Ronsdn Corp.*, 257 F. Supp. 219, 226 and n. 6 (D. N. J. 1966); see note 24, *supra*.

29. See *SCM Corp. v. Brother International Corp.*, 316 F. Supp. 1328, 1330 (S. D. N. Y. 1970); *Olin Mathieson Chemical Corp. v. Molins Organizations, Ltd.*, 261 F. Supp. 436, 440 (E. D. Va. 1966).

III.

Petitioner and I. T. L. Are Seeking for Aliens Immunity from Suit for Patent Infringement in the United States, and Not Merely a Determination of the Proper Locality for Such a Suit.

“Venue deals with the locality of the suit, that is, with the question of which Court, or Courts, of those that possess adequate personal and subject matter jurisdiction may hear the specific suit in question.”³⁰ As foreshadowed by the opinion of this Court in *In re Hohorst*, to construe the provisions of § 1400(b) as being applicable to all disputes involving patent infringements would leave the courts of the United States open to aliens against citizens for patent infringement, and closed to citizens against aliens for patent infringement,³¹ except in those rare instances where the alien has a regular and established place of business in some district in the United States and has committed acts of infringement in that same district. This anomalous and inequitable result could not have been the intent of Congress.³² Indeed, if the law were not settled that an alien could be sued for patent infringement in any district,

30. *Japan Gas Lighter Ass'n v. Ronson Corp.*, 257 F. Supp. 219, 224 (D. N. J. 1966); accord, *Olberding v. Illinois Central R. Co.*, 346 U. S. 338, 340 (1953).

31. 150 U. S. at 660. As an example, the alien defendants in the *Amerace* cases have financed, controlled and directed the acts of infringement in this country and have derived substantial monetary benefit therefrom, while asserting that they are not amenable to suit in this country because they do not fall within the language of 28 U. S. C. § 1400(b). The present assertion before this Court by the amicus I. T. L., that its domestic subsidiaries are its alter egos, is a complete reversal of its position before the California District Court and that issue is on appeal to the Ninth Circuit Court of Appeals.

32. *SCM Corp. v. Brother International Corp.*, 316 F. Supp. 1328, 1331 (S. D. N. Y. 1970).

it would be necessary for this Court to create such law in order to carry out the duties imposed upon the Federal Judiciary by the Constitutional provision that the judicial power of the United States extends to controversies between citizens of a state and citizens or subjects of foreign states³³, and the Judicial Code provision that the Federal Courts have exclusive jurisdiction of patent infringement actions.³⁴

It has been suggested by Petitioner³⁵ that in lieu of an action against an alien infringer, the U. S. Patent owner may obtain relief by suing anyone in this country who uses or sells a patented invention. However, the infringing products are often distributed through a multitude of sales outlets in this country, to an even greater multitude of users, and therefore a great multiplicity of suits would be necessary to terminate the infringement created by a single alien.³⁶ Also, since the alien can always switch to new sales outlets as judgments are obtained against the existing ones, the prospect of effective relief is almost nonexistent.

Further, with respect to sellers of the patented invention in this country, it must be recognized that many alien defendants do business in this country through agents, distributors, retailers or licensees³⁷ who are unable to respond adequately in damages, their sole assets often comprising only an inventory of infringing products.

With regard to suits against those who "use" the infringing products in this country, those users are often

33. U. S. Const. art. III, § 2.

34. 28 U. S. C. § 1338(a) (1970); 35 U. S. C. § 281 (1970).

35. Brief for Petitioner at 11.

36. *In re Orion Co.*, 71 F. 2d 458, 467 (C. C. P. A. 1934).

37. *See, e.g.*, *Coulter Electronics, Inc. v. A. B. Lars Ljungberg & Co.*, 376 F. 2d 743 (7th Cir. 1967); *Amerace Esna Corp. v. Highway Safety Devices, Inc.*, 330 F. Supp. 313 (N. D. Tex. 1971); *SCM Corp. v. Brother International Corp.*, 316 F. Supp. 1328 (S. D. N. Y. 1970); *Chas. Pfizer & Co. v. Laboratori Pro-Ter Prodotti Therapeutici*, 278 F. Supp. 148 (S. D. N. Y. 1967).

the patent owner's own customers which, as a practical business matter, make very unattractive defendants.³⁸

Petitioner further suggests that the patent-owner might proceed via the Tariff Commission for an order excluding entry of infringing products into the United States. But the requirements of 19 U. S. C. § 1337 and the Regulations of the Tariff Commission put such a heavy burden on the patentee that the results scarcely justify the effort. First of all, the Tariff Act was not intended as a means of enforcing private rights. *In re Amtorg Trading Corp.*, 75 F. 2d 826, 840-841 (C. C. P. A. 1935). Next, in order to establish that the importation is one which qualifies to be dealt with under § 1337, the complaining patent owner must show much more than mere infringement of his United States patent by the imported products. More particularly, he must demonstrate that the effect or tendency of the importation would be "... to destroy or substantially injure an industry, efficiently and economically operated, in the United States, or to prevent the establishment of such industry, or to restrain or monopolize trade and commerce in the United States."³⁹ Even if a temporary exclusion order is recommended by the Tariff Commission and ordered by the President, the importer may have the products released for entry into the United States by merely posting an appropriate bond.⁴⁰ Furthermore, if the Commission fails to recommend an exclusion order the complainant is without recourse, since § 1337 provides for appeal only by the importer.⁴¹ Even if, after a final investigation has been completed, the Tariff Commission makes a

38. See, e.g., *Amerace Esna Corp. v. Highway Safety Devices, Inc.*, 330 F. Supp. 313 (N. D. Tex. 1971) where the principal users were several state highway departments.

39. Tariff Act of 1930 ch. 497, § 337, 46 Stat. 703 (codified at 19 U. S. C. § 1337(a) (1970)).

40. 19 U. S. C. § 1337(f) (1970).

41. 19 U. S. C. § 1337(c) (1970); See also, Note, *Patent Protection Under The Tariff Act*, 13 Western Res. L. Rev. 377 (1962).

recommendation for permanent exclusion, the President may disregard the recommendation or decline to follow the same.

A careful examination of the history of Tariff Commission proceedings demonstrates that this approach has not afforded effective protection against infringement of U. S. patents by aliens.

The number of complaints filed before the United States Tariff Commission under the provisions of § 1337 of the Tariff Act of 1930, from 1944 through 1971, and the disposition of such complaints, is revealed in publications of the United States Tariff Commission, TC No. 244, April 1968, TC No. 422, September 1971; Calendar of Hearings and of Deadline Dates for Pending Investigations, United States Tariff Commission, Office of the Secretary, January 3, 1972; and others.

There have been 42 complaints under § 1337 filed with the Tariff Commissioner since 1944. Twenty-four of the 42 involved allegations of infringement of United States patents; two involved no allegations of patent infringement and it appears that perhaps the 16 others may have included charges of patent infringement.

Of the 42 cases filed since 1944, five complaints are still pending. Of the 37 complaints in which a determination has been reached, in 28 cases (78%) the action was dismissed for various reasons.

Recommendations for exclusion orders were made by the Tariff Commission in eight cases. In two cases, recommendations for temporary exclusion orders were approved by the President and sent back for further proceedings; the President rejected or failed to approve the Tariff Commission's recommendations for temporary exclusion orders in two cases. In two other cases, because of subsequent events, the recommendations for exclusion orders

were withdrawn from the President and the complaints dismissed by the Tariff Commission. It is not ascertainable from the Tariff Commission publications what happened in the two other cases in which recommendations for exclusion orders were sent to the White House. In a ninth case, the Tariff Commission was evenly divided, the report was sent to the President for action under 19 U. S. C. § 1330(d)(1) and the President declined to act thereon.

In only one instance since 1944 has a temporary exclusion order by the President been followed by a Tariff Commission recommendation for permanent exclusion, but the Tariff Commission publications fail to disclose whether the President followed the recommendation and signed a permanent exclusion order.

The published decisions of cases under § 1337 prior to 1944 disclose only one case wherein a permanent order of exclusion was signed by the President, in 1934, and in that case the order for exclusion was based not only on patent infringement, but on other acts of unfair competition.⁴²

In the period from 1944 through 1971, no patentee has obtained a final order of exclusion of infringing articles by proceedings before the Tariff Commission. Contrasted with this, unofficial statistics indicate that between 1953 and 1963 patents were held valid and infringed in 29% of the cases determined by the eleven Courts of Appeal.⁴³

It has been suggested by I. T. L. Industries Limited, in its amicus brief, that a holding that alien defendants may be sued for patent infringement in any district will serve to

42. *S. J. Charia & Co. v. United States*, 135 F. Supp. 727 (Cust. Ct. 1954).

43. Gausewitz, *Brief in Support of Proposed Amendment to Section 103, Title 35, Patents, U. S. Code*, 51 J. Pat. Off. Soc'y. 290 (1969).

discriminate against alien patent infringement defendants in favor of domestic patent infringement defendants, in contravention of the United States' treaty obligations with its principal trading partners.⁴⁴ However, it is apparent that the treaties referred to by I. T. L. Industries Limited provide only that aliens and domestics shall be afforded equal "*access to the courts of justice*" (*italics added*), of the parties to the treaties.⁴⁵ These treaties say nothing about the responsibilities of aliens as *defendants* in the courts of justice. To the contrary, if aliens are not subject to suits for patent infringement in this country, this would result in blatant discrimination in favor of aliens, since in many cases they would be rendered immune from suit from patent infringement in the United States while retaining all the privileges of free access to the United States courts.

I. T. L. Industries Limited argues that while the application of § 1391(d) to patent infringement actions would allegedly result in discrimination against aliens and a violation of our treaty obligations, that section would not result in such discrimination in all other actions against aliens because "domestics, under venue generally, are essentially subject to suit in any district in which service can be had, as are aliens under § 1391(d)."⁴⁶ This argument is insupportable in view of the provisions of 28 U. S. C. §§ 1391(a), (b), and (c).⁴⁷

44. Brief for I. T. L. Industries Limited as Amicus Curiae at 20-22.

45. *Id.* at 21.

46. *Id.* at 22 n. 23.

47. "(a) A civil action wherein jurisdiction is founded only on diversity of citizenship may, except as otherwise provided by law, be brought only in the judicial district where all plaintiffs or all defendants reside, or in which the claim arose.

"(b) A civil action wherein jurisdiction is not founded solely on diversity of citizenship may be brought only in the judicial

CONCLUSION.

Since the decision of this Court in *Hohorst* in 1893, the decisions have consistently held, with the exception of the *Coulter* case, that an alien may be sued in any district wherein he is amenable to service of process, and that this is true in patent infringement actions as well as all other actions against aliens. The Reviser's Notes to 28 U. S. C. § 1391(d) make it clear a second question that this long-standing rule as to alien defendants still applies.

Accordingly, Amerace Esna Corporation as amicus curiae submits that the judgment of the Court of Appeals for the Ninth Circuit should be affirmed.

Respectfully submitted,

CURTIS F. PRANGLEY,
RONALD A. SANDLER,
J. TERRY STRATMAN,
PRANGLEY, CLAYTON, MULLIN, DITHMAR
& VOGEL,
105 West Adams Street,
Chicago, Illinois 60603,
*Counsel for Amicus Curiae,
Amerace Esna Corporation.*

district where all defendants reside, except as otherwise provided by law.

“(c) A corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes.” 35 U. S. C. §§ 1391(a)-(c) (1970).

IN THE
Supreme Court of the United States

October Term, 1971

No. 70-314

BRUNETTE MACHINE WORKS LTD.,
Petitioner,

v.

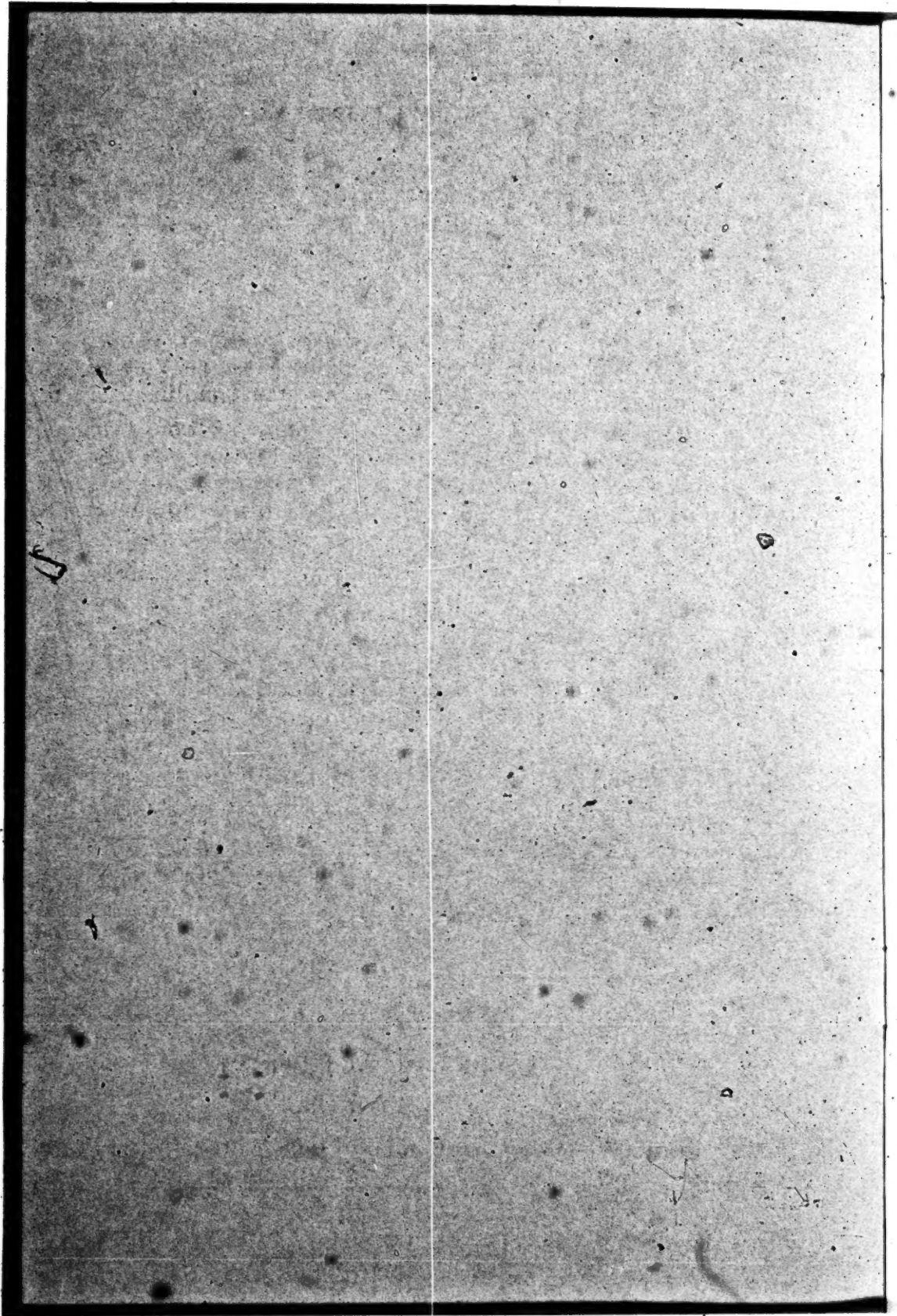
KOCKUM INDUSTRIES, INC.
Respondent.

BRIEF OF RESPONDENT
IN ANSWER TO A WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

HARRY M. CROSS, JR.
Attorney for Respondent

Of Counsel:

SEED, BERRY, DOWREY & CROSS
RICHARD W. SEED
1502 Norton Building
Seattle, Washington 98104



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IN THE
Supreme Court of the United States

October Term, 1971

No. 70-314

BRUNETTE MACHINE WORKS LTD.,
Petitioner,

v.

KOCKUM INDUSTRIES, INC.
Respondent.

BRIEF OF RESPONDENT
IN ANSWER TO A WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

QUESTIONS PRESENTED

Whether an alien infringer of a United States patent, neither residing nor having a regular and established place of business in any federal judicial district, may be sued in a district where *in personam* jurisdiction can be obtained pursuant to 28 U.S.C. § 1391(d).

STATEMENT OF THE CASE

Respondent Kockum Industries, Inc. (hereinafter "KOCKUM"), an Alabama corporation, sued petitioner, Brunette Machine Works, Ltd. (hereinafter "BRUNETTE"), a British Columbia, Canada corporation, in Oregon for infringement of United States Letters Patent

Nos. 2,775,274 and 2,855,010. Jurisdiction and venue in the District Court were based on 28 U.S.C. §§ 1338(a) and 1391(d), O.R.S. § 14.035, and Rules 4(e) and (i), Fed. R. Civ. Proc. Upon the motion of BRUNETTE, the suit was dismissed on the ground that BRUNETTE neither resided nor had a regular and established place of business in the Oregon district and that, therefore, the requirements of 28 U.S.C. § 1400(b) were not met (A. 18).

The inventions defined by the patents in suit are machines for mechanically removing bark from logs. These machines are commonly called "barkers" or "debarkers".

In 1963, BRUNETTE and Salem Equipment, Inc. (hereinafter "SALEM"), an Oregon corporation, entered into a written technology interchange agreement (A. 8-16) and in accordance with the terms of this agreement, BRUNETTE and SALEM, in exchange for the payment of royalties by one to the other, agreed to: (1) give advice and assistance to the other in the establishment and manufacturing, and installation of machinery and equipment utilized in the sawmill and logging industry; (2) furnish the other with technicians of such skill and in such number as to fulfill their respective responsibilities under the agreement; and (3) make available to the other full and complete technical information relative to the manufacture of the products covered by the agreement. This agreement has not been modified and is still in full force and effect, and royalties have been and are being paid by SALEM to BRUNETTE, and vice versa (A. 4-5).

In accordance with the agreement, BRUNETTE has supplied SALEM with complete technical assistance and information including; all blueprints for the manufacture

of "Brunette debarkers", visits of BRUNETTE personnel to SALEM'S principal place of business in Oregon, and telephone calls back and forth between BRUNETTE and SALEM personnel (A. 4,5). These debarkers are advertised in Oregon and elsewhere in the United States as "Salem-Brunette debarkers", (A. 5).

The first infringing "Salem-Brunette debarker" manufactured in the United States by SALEM under the agreement was installed in the plant of an Oregon customer (A. 5). This first debarker included ring and tool arms manufactured by BRUNETTE in Canada (A. 5). Several other infringing "Salem-Brunette debarkers" have subsequently been manufactured by SALEM in Oregon and sold in Oregon and elsewhere in the United States (A. 5).

Prior to the SALEM-BRUNETTE agreement, BRUNETTE had entered into a similar agreement with Carthage Machine Company, Inc., of Carthage, New York (hereinafter "CARTHAGE") to manufacture infringing "Brunette debarkers" (A. 5-6). With BRUNETTE'S approval, SALEM and CARTHAGE have made an agreement whereby SALEM can sell infringing "Salem-Brunette debarkers" throughout the United States upon payment of royalties to CARTHAGE as well as to BRUNETTE on sales outside of the western United States (A. 5-6). CARTHAGE has not manufactured debarkers under the CARTHAGE-BRUNETTE agreement but rather has sold infringing "Brunette debarkers" manufactured by BRUNETTE in Canada and advertised in the United States as "Carthage-Brunette debarkers" (A. 6). One of the infringing "Carthage-Brunette debarkers" was demonstrated at a 1967 machinery exposition in Louisiana, with a BRU-

NETTE vice president assisting in the demonstration (A. 6).

BRUNETTE through the exportation of infringing "Brunette debarkers" to CARTHAGE for sale in the United States, has infringed the patents in suit and induced CARTHAGE to infringe the patents in suit (A. 6-7). BRUNETTE through its business dealings and contractual arrangements with SALEM and CARTHAGE relating to infringing "Brunette debarkers", has contributorily infringed and induced SALEM and CARTHAGE to infringe the patents in suit (A. 4-7) and has benefitted financially and continues to benefit financially from such contractual arrangements (A. 4 and 7). BRUNETTE has transacted business in the State of Oregon and continues to transact business in Oregon with regard to and as a consequence of the contractual arrangements with SALEM relating to infringing "Brunette debarkers" (A. 6).

SUMMARY OF ARGUMENT

When an alien performs acts within the United States that create a federal cause of action and that provide sufficient contacts within the United States to subject the alien to the *in personem* jurisdiction of a United States federal court, federal venue provisions should not be applied so restrictively as to effectively immunize the alien from liability.

In the present case, the alien, Brunette Machine Works Ltd., has induced a United States national to infringe the respondent's patent and in committing the acts constituting the inducement has violated United States patent law, 35 U.S.C.A. § 271 (b), and has subjected itself to the *in personem* jurisdiction in the federal judicial district encom-

passing the State of Oregon. BRUNETTE does not, however, reside or have a regular and established place of business in any federal judicial district. Therefore, 28 U.S.C. § 1400(b) does not enable any court to adjudicate BRUNETTE'S liability for patent infringement. Unless 28 U.S.C. § 1391(d) applies in this case, BRUNETTE will have successfully avoided the application of United States federal law to its activities within the United States.

All cases, excepting one, that heretofore considered venue in a patent infringement action against an alien have concluded that venue is proper wherever the alien could be found. These cases have been decided in interpreting 28 U.S.C. § 1391(d) and 1400(b) and the predecessor statutes to § 1400(b), there being no predecessor statute to § 1391(d). The one exception is the seventh circuit decision of *Coulter Electronics Inc. v. A. B. Lars Ljungberg & Co.*, 1967, 376 F.2d 743, cert. denied, 389 U.S. 859.

The *Coulter* decision concluded that the Court's decisions of *Fourco Glass Co. v. Transmirra Products Corp.*, 1957, 353 U.S. 222, and *Stonite Products Co. v. Melvin Lloyd Co.*, 1942, 315 U.S. 561, holding that 28 U.S.C. § 1400(b) and its predecessor statute were the exclusive venue statutes applicable to suits involving domestic patent infringers, precluded application of § 1391(d) to alien patent infringers. The *Fourco* decision, however, emphasized the importance of looking to Congressional intent as an aid in determining the applicability of the codified venue provisions of the 1948 Judicial Code.

Looking to the Reviser's notes to § 1391(d), one is referred to two cases supporting the venue rule enunciated in § 1391(d) that "an alien may be sued in any district."

The first case cited, *Sandusky Foundry & Machine Co. v. De Lavaud*, 1918, D.C. Ohio, 251 F. 631, decided that an alien patent infringer could be sued in any district where *in personem* jurisdiction could be obtained. The second case cited, *Keating v. Pennsylvania Co.*, 1917, D.C. Ohio, 245 F. 155, decided that a non-patent action instituted in a state court by an alien against a corporation not domiciled in the state could be removed inasmuch as an alien could be sued in any district and hence the action could have been instituted against the alien in the federal judicial district encompassing that State. The Reviser's selection of both a patent and a non-patent case to illustrate the application of § 1391(d) evidences Congressional intent that alien patent infringers, as before enactment of the 1948 Judicial Code, may be sued in any district where *in personem* jurisdiction may be obtained.

ARGUMENT

I.

On a Motion to Dismiss for Improper Venue, Allegations in the Complaint Must Be Viewed in a Light Most Favorable to the Plaintiff

In the present suit, the allegations contained in the Complaint filed on behalf of KOCKUM have not been controverted in any pleading and no affidavit was filed in support of BRUNETTE'S Motion to Dismiss. Therefore, these allegations must be considered true, *U.S. v. New Wrinkle*, 1952, 342 U.S. 371; *Collins v. Hardyman*, 1951, 341 U.S. 651, for purposes of this appeal.

The allegations contained in the Complaint clearly establish that BRUNETTE has directly infringed the patents in suit by exporting infringing machines to CARTHAGE for sale in the United States and by demonstrating an

infringing machine in Louisiana for the purpose of inducing purchase orders for such machines. 35 U.S.C.A. 271 (a); *Union Asbestos & Rubber Co. v. Evans Products Co.*, 7th Cir., 1964, 328 F.2d 949. The allegations also establish that BRUNETTE has induced SALEM and CARTHAGE to infringe the patents in suit by supplying them with manufacturing drawings and technical personnel in exchange for royalties, and by approving the advertisement of these infringing debarkers in the United States as "Salem-Brunette debarkers" and "Carthage-Brunette debarkers". 35 U.S.C.A. 271(b); *Shumaker v. Gem Mfg. Co.*, 7th Cir., 1962, 311 F.2d 273; and *Weyerhaeuser Timber Co. v. Bostitch Inc.*, D.R.I., 1959, 178 F.Supp. 757.

Furthermore, by initially supplying SALEM with the ring and tool arms for the first infringing machine manufactured by SALEM, BRUNETTE has supplied SALEM with components of the infringing machine that are especially made for use in the infringing machine and that are not a staple article of commerce suitable for substantial noninfringing use. BRUNETTE, therefore, has contributorily infringed the patents in suit. 35 U.S.C.A. 271 (c); *Stearns v. Tinker & Razor*, 9th Cir., 1958, 252 F.2d 589, cert. den. 350 U.S. 830; and *Electric Pipe Line, Inc. v. Fluid Systems, Inc.*, 2nd Cir., 1956, 231 F.2d 370.

II.

Brunette, Having Taken Voluntary Actions Calculated to Have an Effect in Oregon, May Be Sued in the Oregon District Without Violating the Dictates of Fundamental Fairness Required for Due Process

The contacts which BRUNETTE has had with SALEM in the Oregon District are sufficient to subject BRUNETTE

to the *in personem* jurisdiction of the District Court pursuant to the Oregon long-arm statute, O.R.S. § 14.035, under the doctrine of *International Shoe Co. v. State of Washington*, 1945, 326 U.S. 310; *McGee v. International Life Insurance Co.*, 1957, 355 U.S. 220; and *Hanson v. Denckla*, 1958, 357 U.S. 235.

BRUNETTE entered into the agreement with SALEM to realize the pecuniary benefits of royalties from SALEM'S operations which are headquartered in Oregon (A-12-13). BRUNETTE retained significant power of supervision and verification of SALEM'S records, including the right to receive accurate accounts of sales made by SALEM and to audit SALEM'S books and operations (A-13). BRUNETTE must communicate to SALEM all technical information developed subsequent to the date of the agreement and SALEM is to respond in like manner (A-12) and the agreement is to be interpreted under Oregon law (A-14).

The ties by which BRUNETTE'S interests are promoted in Oregon are concretely embodied in a continuous stream of business communications, remittance of royalties, technical assistance and other contacts which the agreement encompasses. Through these series of continuing ties, BRUNETTE has set in motion substantial operations in Oregon and availed itself of the benefits therefrom. These ties are sufficient to subject BRUNETTE to the jurisdiction of the District Court within the rationale of the decisions in *International Shoe Co.*, *supra*; *McGee*, *supra*, and *Hanson*, *supra*.

Furthermore, the infringements of the patents in suit by BRUNETTE constitute tortious acts committed within the Oregon District as a direct result of these continuing ties

with the Oregon forum. Such acts also are sufficient to subject BRUNETTE to the jurisdiction of the District Court within the rationale of *International Shoe Co.*, *supra*; *McGee*, *supra*; and *Hanson*, *supra*.

III.

Brunette Is Subject to the *In Personem* Jurisdiction of the District Court Under the Oregon Long Arm Statute

The relevant portions of the Oregon long arm statute, O.R.S. 14.035, read as follows:

"Section 1. (1) Any person, firm or corporation whether or not a citizen or a resident of this state, who, in person or through an agent, does any of the actions enumerated in this subsection thereby submits such person to the jurisdiction of the courts of this state, as to any cause of action or suit or proceeding arising from any of the following:

"(a) The transaction of any business within this state;

"(b) The commission of a tortious act within this state:

"(4) Nothing contained in this section limits or affects the right to serve any person in any other manner now or hereafter provided by law."

This statute is applicable to any foreign corporation that transacts any business within the state or commits a tortious act within the state, and service of process under O.R.S. 14.035 may be effected under Rules 4(e) and (i), F.R.Civ.P. *Hiersche v. Seamless Rubber Co.*, D. Ore., 1963, 225 F.Supp. 682; *Hicks v. Crane Co.*, D. Ore., 1964, 235 F.Supp. 609; *David v. London Shirt Co.*, D. Ore., 1966, 259 F.Supp. 848.

IV.

**Venue Is Properly Laid in the Oregon District
Pursuant to 28 U.S.C.A. §1391(d)**

Subject to being amenable to service of process, BRUNETTE, as an alien corporation and an infringer of the patents in suit, can be sued in any district pursuant to 28 U.S.C.A. § 1391(d) which states:

“An alien may be sued in any district.”

A. *The Enactment of §1391(d) Codified the Law That an Alien Infringer of a United States Patent May Be Sued in Any District.*

The cases prior to 1948 under the Act of March 3, 1897, c.395, 29 Stat. 695, and the 1911 Judicial Code derived therefrom, established that Section 48 of the 1911 Judicial Code [28 U.S.C.A. §109 (1940 ed.)], limiting venue over patent infringers, did not apply to alien defendants. *Re Hohorst*, 1893, 150 U.S. 653; *Barrow Steamship Co. v. Kane*, 1898, 170 U.S. 100; *United Shoe Machinery Co. v. Duplessis Independent Shoe Machinery Co., Ltd.*, C.C. Mass., 1904; 153 Fed. 930; *Sandusky Foundry & Machine Co. v. De Lavaud*, N.D. Ohio, 1918, 251 Fed. 631; *Keating v. Pennsylvania Co.*, N.D. Ohio, 1917, 245 Fed. 155; and *Keller v. American Sales Book Co.*, W.D. N.Y., 1936, 16 F.Supp. 189. As stated in *Keller v. American Sales Book Co.*, *supra*, at 190, in reference to Section 48 of the 1911 Judicial Code:

“It is clear from the language of the section and from numerous authorities that section 48, *supra*, has no application to a foreign (alien) corporation which has no place of business within the District.”

The 1948 Judicial Code codified the prior law and § 1391(d), 28 U.S.C.A., thereof, specifically codified the

prior case law that aliens, including alien infringers of a United States patent, may be sued in any district. The Reviser's Note to § 1391(d), 28 U.S.C.A., p. 62, states:

"Subsection (d) of this section is added to give statutory recognition to the weight of authority concerning a rule of venue as to which there has been a sharp conflict of decision. See (*Sandusky Foundry and Machine Co. v. De Lavaud*, 1918, D.C. Ohio, 251 F. 631, 632, and cases cited. See also *Keating v. Pennsylvania Co.*, 1917, D.C. Ohio, 245 F. 155 and cases cited)."

In *Sandusky Foundry and Machine Co. v. De Lavaud*, *supra*, the court held that venue in a patent infringement suit against a defendant alien attached against the alien in any district in which process could be served upon the alien, notwithstanding the special patent venue statute (Section 48 of the 1911 Judicial Code) limiting venue in patent infringement cases to the district wherein the defendant is an inhabitant or has committed acts of infringement and has a regular and established place of business. The Court in *Sandusky* at p. 632-633, stated:

"The defendants who have appeared are aliens. It seems to be settled law that they are not inhabitants of any district, and may be sued in any district within which process can be served on them. It was so held under what is now Section 48 of the Judicial Code (Act. March 3, 1911, c.231, 36 Stat. 1100 [Comp. St. 1916 §§ 1024, 1030]) in *United [Shoe Machinery] Company v. Duplessis Company* (C.C.) 133 F. 930. Such is said to be the law in *Walker on Patents* (5th Ed.) § 389. The same holding has been repeatedly made under section 51 of the Judicial Code (Comp. St. 1916, § 1033) as applied to causes of action other than suits arising under the patent laws. In *re Horst*, 150 U.S. 653, 14 S.Ct. 221, 37 L.Ed. 1211; *Barrow Steamship Co. v. Kane*, 170 U.S. 100, 18 S.Ct. 526, 42 L.Ed. 964; *Wind River Lumber Co. v. Frankfort Marine Ins. Co.*, 196 F. 340, 116 C.C.A. 160;

Keating v. Pennsylvania Co. (D.C.) 245 F. 155. The reasoning applied equally to both classes of cases against alien defendants."

From the Reviser's Note it is clear that the law has been, and under § 1391(d) continues to be, that special patent venue statutes are not applicable to alien patent infringers and that venue is proper over alien patent infringers in any district wherein the alien is amenable to service of process.

The better-reasoned cases since enactment of the 1948 Judicial Code have uniformly held that § 1391(d) is applicable to alien infringers of a United States patent. *Chas. Pfizer & Co. v. Laboratori Pro-Ter Prodotti Therapeutici*, S.D. N.Y., 1967, 278 F.Supp. 148; *Olin Mathieson Chemical Corp. v. Molins Organizations, Ltd.*, E. D. Va., 1966, 261 F.Supp. 436; *Japan Gas Lighter Association v. Ronson Corp.*, D.N.J., 1966, 257 F.Supp. 219; *SCM Corp. v. Brother International Corp.*, S.D. N.Y., 1970, 316 F.Supp. 1328; *Deering Milliken Research Corp. v. Stahlecker*, D.S.C. 1969, 166 U.S. P.Q. 321; and *Deering Milliken Research Corp. v. Vecchioni*, E.D. Va. 1970, 168 U.S. P.Q. 59. In contrast to the holdings of these cases, the Seventh Circuit in *Coulter Electronics, Inc. v. A. B. Lars Ljunberg & Co.*, 1967, 376 F.2d 743, cert. den. 389 U.S. 859, 99 S.Ct. 103, 198 L.Ed.2d 124, held that § 1400(b), 28 U.S.C.A., is the sole and exclusive provision controlling venue in patent infringement actions and is not to be supplemented by § 1391(d), citing *Fourco Glass Co. v. Transmirra Products Corp.*, 1957, 353 U.S. 222, for its holding that § 1400(b) is not supplemented by § 1391(c).

The emphasis placed by the Court in *Fourco* on the Reviser's Notes and the preceding judicial holdings, however, supports the conclusion that the provisions of § 1400 (b) were not intended to be exclusive in suit against aliens

but were to be supplemented by § 1391(d). The Court in holding that § 1400(b)'s requirements were exclusive in a suit against a *domestic* corporation, based its decision on the fact that Congress re-enacted the subject matter of § 1400(b) in 1948 with no expression of intent (either in the Reviser's Notes or the text) that § 1400(b) should be supplemented by § 1391(c). The prior decision of *Stonite Prods. Co. v. Melvin Lloyd Co.*, 1942, 315 U.S. 561, clearly held that § 1400(b)'s predecessor [Section 48 of the 1911 Judicial Code] was the sole provision governing venue in a suit against a domestic corporation and was exclusive with respect to § 1392(a)'s predecessor [Section 52 of the 1911 Judicial Code, 28 U.S.C. (1940 ed.) § 113]. The *Fourco* decision was expressly based on the Court's conclusion that § 1400(b) enacted its predecessor provision [Section 48 of the 1911 Judicial Code] without substantive change, 353 U.S. at 227, 77 S.Ct. at 787, and that venue practice under Section 48 was clearly narrower with regard to corporate residence than that permissible under § 1391(c).

The prevailing venue practice under Section 48 of the 1911 Judicial Code was equally clear that alien corporations could be sued in any district in patent infringement actions and that Section 48 was not applicable to alien infringers. Furthermore, Congressional intent to give statutory recognition to established alien venue practice in patent infringement actions is clearly expressed by the Reviser's Note citation to the *Sandusky* case relative to § 1391(d). As noted by the court in the *Pfizer* case on motion to reconsider its decision holding that venue was proper over the alien defendant before that court:

"On the same day that this Court's decision was handed down, the Supreme Court denied certiorari in

Coulter Elec. Inc. v. A. B. Lars Ljungberg & Co., 389 U.S. 859, 99 S.Ct. 103, 19 L.Ed.2d 124 (1967). In Coulter, the Seventh Circuit relying principally on the Supreme Court's decision in Fourco Glass v. Transmirra Prods. Corp., 353 U.S. 333, 77 S.Ct. 787, 1 L.Ed. 2d 786 (1957) and Stonite Prods. Co. v. Melvin Lloyd Co. 315 U.S. 561, 62 S.Ct. 780, 86 L.Ed. 1026 (1942), held that a suit against an alien infringer will not permit an exception to the exclusivity of the patent venue statute, and that in such a suit §1391(d) has no applicability. 376 F.2d 743 (7th Cir., 1967). *It does not appear, however, that either the Seventh Circuit or the Supreme Court had directed to their attention, or considered, the legislative history of §1391(d), as reflected in the Reviser's Note, which distinguishes it from §1391(c) and shows that §1391(d), unlike §1391(c), was intended to supplement §1400(b).*" (Emphasis added) p. 154.

B. Sound Policy Supports the Conclusion That Venue in Suits Against Aliens Is Not Limited to the Districts Mentioned in 28 U.S.C. § 1400(b).

Policy dictates that alien patent infringers may be sued in any district wherein they are amenable to service of process. Otherwise, it might be possible that such aliens could not be sued in any United States court. The first ground for establishing venue under 28 U.S.C. § 1400(b) is never available because aliens are not inhabitants of any district. The second ground might not be available, and in the present case is not available, because the alien BRUNETTE, has no regular and established place of business in any district. Even though an alien's conduct and contacts in various districts of the United States may be extensive, it is common knowledge that many alien businessmen neither reside nor maintain regular and established places of business in any federal district, but rather prefer to conduct their business through agents as in the Pfizer

case, *supra*, or by subsidiaries as in the *Olin Mathieson* case, *supra*, or by distributors as in the *Coulter* case, *supra*, or by licensing a domestic corporation to conduct the alien's business within the United States as in the *Japan Gas-Lighter* case, *supra*, and as in the present case. There is no indication of a Congressional intent to permit aliens to infringe or actively induce infringement of United States patents while transacting sufficient business to subject themselves to service of process without concomitantly requiring them to bear the consequences in the district wherein such business is transacted. On the contrary, equity demands that United States citizens should be able to enforce their United States patents against aliens who have infringed or induced infringement in the United States and who are directly benefiting from the result of such infringement.

Where, as in the present case, the alien's most significant infringing activity in the United States is the inducement of others to commit direct infringement, proceedings before the Tariff Commission under Section 337 of the Tariff Act of 1930, 19 U.S.C. 1337, c. 497, 46 Stat. 703, are inapplicable. In appropriate cases, Section 337 only enables the Tariff Commission to prospectively exclude articles or goods from entry into the United States. Furthermore, since at least 1944, there does not appear to have been any case successfully concluded before the Tariff Commission pursuant to Section 337.

Finally, if an alternative forum exists within which suit could be instituted against an alien infringer, 28 U.S.C. § 1404 provides an appropriate means by which the choice of an inconvenient forum can be remedied. The applica-

tion of statutory venue provisions to enable the federal courts to adjudicate the liability of an alien infringer's violation of United States patent laws does not constitute a disadvantage to the alien but rather places the alien on the same footing as United States nationals. This result is essentially no different as regards aliens than that provided by 35 U.S.C. §§ 146 and 291 which subject aliens to suit in the District of Columbia in the context of patent interferences.

CONCLUSION

BRUNETTE, an alien corporation, may be sued in any district wherein *in personam* jurisdiction can be obtained. Where, as here, the alien patent infringer neither resides nor has a regular and established place of business in any federal judicial district venue is proper wherever the alien is amenable to service of process pursuant to 28 U.S.C. § 1391(d).

Respectfully submitted,

HARRY M. CROSS, JR.

Attorney for Respondent

APPENDIX A*

APPENDIX OF STATUTES AND RULES CITED
APPENDIX OF RULES AND STATUTES

I.

Federal Rules of Civil Procedure

Rule 4(e)

Same: Service Upon Party Not Inhabitant of or Found Within State. Whenever a statute of the United States or an order of court thereunder or of an order in lieu of summons, or of a notice or of an order in lieu of summons upon a party not an inhabitant of or found within the state in which the district court is held, service may be made under the circumstances and in the manner prescribed by the statute or order, or, if there is no provision therein prescribing the manner of service, in a manner stated in this rule. Whenever a statute or rule of court of the state in which the district court is held provides (1) for service of a summons, or of a notice, or of an order in lieu of summons upon a party not an inhabitant of or found within the state, or (2) for service upon or notice to him to appear and respond or defend in an action by reason of the attachment or garnishment or similar seizure of his property located within the state, service may in either case be made under the circumstances and in the manner prescribed in the statute or rule.

Rule 4(i)

Alternative Provisions for Service in a Foreign Country.

(1) Manner. When the federal or state law referred to in subdivision (e) of this rule authorizes service upon a party not an inhabitant of or found within the state in which the district court is held, and service is to be effected upon the party in a foreign country, it is also sufficient if service of the summons and complaint is made: (A) in the manner prescribed by the law of the foreign country for service in that country in an action in any of its courts of general jurisdiction;

or (B) as directed by the foreign authority in response to a letter rotatory, when service in either case is reasonably calculated to give actual notice; or (C) upon an individual, by delivery to him personally, and upon a corporation or partnership or association, by delivery to an officer, a managing or general agent, or (D) by any form of mail, requiring a signed receipt, to be addressed and dispatched by the clerk of the court to the party to be served; or (E) as directed by order of the court. Service under (C) or (E) above may be made by any person who is not a party and is not less than 18 years of age or who is designated by order of the district court or by the foreign court. On request, the clerk shall deliver the summons to the plaintiff for transmission to the person or the foreign court or officer who will make the service.

(2) Return. Proof of service may be made as prescribed by subdivision (g) of this rule, or by the law of the foreign country, or by order of the court. When service is made pursuant to subparagraph (1) (D) of this subdivision, proof of service shall include a receipt signed by the addressee or other evidence of delivery to the addressee satisfactory to the court.

II.

28 U.S.C.A. (1948 ed.)

§1338(a)

The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, copyrights and trademarks. Such jurisdiction shall be exclusive of the courts of the states in patent and copyright cases.

The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent or trade-mark laws.

§1391(a)

A civil action wherein jurisdiction is founded only on diversity of citizenship may, except as otherwise provided by law, be brought only in the judicial dis-

trict where all plaintiffs or all defendants reside, or in which the claim arose.

§1391(c)

A corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes.

§1391(d)

An alien may be sued in any district.

§1400(b)

Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.

§1404(a)

For the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought.

III.

**Judicial Code of 1911
[28 U.S.C.A. (1940 ed.)]**

Section 48 [28 U.S.C.A. §109]

In suits brought for the infringement of letters patent the district courts of the United States shall have jurisdiction, in law or in equity, in the district of which the defendant is an inhabitant, or in any district in which the defendant, whether a person, partnership, or corporation, shall have committed acts of infringement and have a regular and established place of business. If such suit is brought in a district of which the defendant is not an inhabitant, but in which such defendant has a regular and established place of business, service of process, summons, or subpoena upon

the defendant may be made by service upon the agent or agents engaged in conducting such business in the district in which suit is brought.

Section 51 [28 U.S.C.A. §112]

• • • except as provided in sections 113-118 of this title, no civil suit shall be brought in any district court against any person by any original process or proceeding in any other district than that whereof he is an inhabitant; but where the jurisdiction is founded only on the fact that the action is between citizens of the different states, suit shall be brought only in the district of the residence of either the plaintiff or the defendant; • • •

Section 52 [28 U.S.C.A. §113]

When a State contains more than one district, every suit, not of a local nature, in the district court thereof, against a single defendant, inhabitant of such State, must be brought in the district where he resides; but if there are two or more defendants residing in different districts of the State, it may be brought in either district, and a duplicate writ may be issued against the defendants, directed to the marshal of any other district in which any defendant resides. The clerk issuing the duplicate writ shall indorse thereon that it is a true copy of a writ sued out of the court of the proper district; and such original and duplicate writs, when executed and returned into the office from which they issue, shall constitute and be proceeded on as one suit; and upon any judgment or decree rendered therein, execution may be issued, directed to the marshal of any district in the same State.

IV.

O.R.S. §14.035

[Oregon Laws, 1963, Chapt. 352]

Section 1. (1) Any person, firm or corporation whether or not a citizen or a resident of this state, who, in person or through an agent, does any of the actions enumerated in this subsection thereby submits such person and, if an individual, his personal representative

to the jurisdiction of the courts of this state, as to any cause of action or suit or proceeding arising from any of the following:

(a) The transaction of any business within this state;

(b) The commission of a tortious act within this state)

(c) The ownership, use or possession of any real estate situated in this state;

(d) Contracting to insure any person, property or risk located within this state at the time of contracting.

(2) Service of summons on any person who is subject to the jurisdiction of the courts of this state, as provided in this section, may be made by personally serving the summons and copy of the complaint, upon the defendant outside this state, in the manner provided in ORS 15-110. Such service shall have the same force and effect as though summons had been personally served within this state.

(3) Only causes of action or suit or proceedings arising from acts enumerated in this section may be asserted against a defendant in an action or suit or proceeding in which jurisdiction over such defendant is based upon this section.

(4) Nothing contained in this section limits or affects the right to serve any person in any other manner now or hereafter provided by law.

V.

35 U.S.C.A. (1952 ed.)

§146

Any party to an interference dissatisfied with the decision of the board of patent interferences on the question of priority, may have remedy by civil action, if commenced within such time after such decision, not less than sixty days, as the Commissioner appoints or as provided in section 141 of this title, unless he has appealed to the United States Court of Customs

and Patent Appeals, and such appeal is pending or has been decided. In such suits the record in the Patent Office shall be admitted on motion of either party upon the terms and conditions as to costs, expenses, and the further cross-examination of the witnesses as the court imposes, without prejudice to the right of the parties to take further testimony. The testimony and exhibits of the record in the Patent Office when admitted shall have the same effect as if originally taken and produced in the suit.

Such suit may be instituted against the party in interest as shown by the records of the Patent Office at the time of the decision complained of, but any party in interest may become a party to the action. If there be adverse parties residing in a plurality of districts not embraced within the same state, or an adverse party residing in a foreign country, the United States District Court for the District of Columbia shall have jurisdiction and may issue summons against the adverse parties directed to the marshal of any district in which any adverse party resides. Summons against adverse parties residing in foreign countries may be served by publication or otherwise as the court directs. The Commissioner shall not be a necessary party but he shall be notified of the filing of the suit by the clerk of the court in which it is filed and shall have the right to intervene. Judgment of the court in favor of the right of an applicant to a patent shall authorize the Commissioner to issue such patent on the filing in the Patent Office of a certified copy of the judgment and on compliance with the requirements of law.

§291

The owner of an interfering patent may have relief against the owner of another by civil action, and the court may adjudge the question of the validity of any of the interfering patents, in whole or in part. The provisions of the second paragraph of section 146 of this title shall apply to actions brought under this section.

§271

(a) Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.

(b) Whoever actively induces infringement of a patent shall be liable as an infringer.

(c) Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

(d) No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed except officers and employees of the Patent Office, a patent without the payment of fees, when the head of a department or agency certifies the invention is used or likely to be used in the public interest and the applicant in his application states that the invention described therein, if patented, may be manufactured and used by or for the Government for governmental purposes without the payment to him of any royalty thereon, which stipulation shall be included in the patent.

19 U.S.C.A.

§1337

(a) *Unfair methods of competition declared unlawful.* Unfair methods of competition and unfair acts in the importation of articles into the United States, or in their sale by the owner, importer, consignee, or agent of either, the effect or tendency of which is to destroy or substantially injure an industry, efficiently and economically operated, in the United States, or to prevent the establishment of such an industry, or to restrain or monopolize trade and commerce in the United States, are hereby declared unlawful, and when found by the President to exist shall be dealt with, in addition to any other provisions of law, as hereinafter provided.

. . .

(e) *Exclusion of articles from entry.* Whenever the existence of any such unfair method or act shall be established to the satisfaction of the President he shall direct that the articles concerned in such unfair methods or acts, imported by any person violating the provisions of this chapter, shall be excluded from entry into the United States, and upon information of such action by the President, the Secretary of the Treasury shall, through the proper officers, refuse such entry. The decision of the President shall be conclusive.

. . .

**In the Supreme Court
of the United States**

TERM 1971

No. 70-314

BRUNETTE MACHINE WORKS LTD., *Petitioner,*

vs.

KOCKUM INDUSTRIES, INC., *Respondent.*

*On Writ of Certiorari to the United States
Court of Appeals for the Ninth Circuit*

REPLY BRIEF FOR PETITIONER

In support of its position that § 1391(d) rather than § 1400(b) controls as to alien defendants in patent infringement suits, Kockum and Amicus Amerace Esna Corporation rely principally on the Reviser's Note to § 1391(d), 28 U.S.C.A., p. 62:

"Subsection (d) of this section is added to give statutory recognition to the weight of authority concerning a rule of venue as to which there has been a sharp conflict of decisions. See (*Sandusky Foundry and Machine Co. v. De Lavand- [sic]*, 1918, D.C. Ohio, 251 F. 631, 632, and

cases cited. See also *Keating v. Pennsylvania Co.*, 1917, D.C. Ohio, 245 F. 155 and cases cited)."

The *Sandusky* and *Keating* cases were decided within about a year of each other by Judge Westenhaver sitting in the District Court in Ohio. *Keating*, the first-decided case, was not a patent case. It held that an alien was subject to suit in any district where service could be effected. In support of that holding the court cited *Re Hohorst*, 150 U.S. 653 (1938); *Barrow Steamship Co. v. Kane*, 170 U.S. 100 (1898); *Wind River Lumber Co. v. Frankfort M., A. & P.G. Ins. Co.*, 9 Cir. 1912, 196 F. 340. *Hohorst* was the only one of these three cases which involved an alien defendant in a patent case and it had been decided prior to the change in the law of venue brought about by enactment of the first specific venue statute for patent infringement suits.¹

In 1918 Judge Westenhaver decided *Sandusky*, which was a patent case involving an alien defendant. That decision turned on the fact that the alien defendant had appeared generally and answered the complaint prior to making his motion to dismiss. Under those circumstances the court correctly held that the defendant had waived venue. In support of his dictum in that opinion that aliens may be sued in any district in which process may be served on them, Judge Westenhaver relied on his prior decision in *Keating* and cases there cited.

We thus see that the two cases mentioned in the

¹ Act of March 3, 1897, c. 395, 29 Stat. 695.

Reviser's Note were decided by a judge who relied on his first decision as authority for his second. Apparently, Judge Westenhaver never took into consideration in his first decision (*Keating*) that the sole patent case relied on by him (*Hohorst*) had been modified by the Act of 1897 which supplied a new special venue statute controlling for all defendants in patent infringement suits. To the extent that *Hohorst* and cases which followed it have held that alien patent defendants could be sued in any district, they have been overruled by the special venue statute of 1897 and its successors, such as § 1400(b). The correctness of this view of the law was established by this Court's decision in *Stonite*² which held that the special patent venue statute was "the exclusive provision controlling venue in patent infringement proceedings." That holding was reaffirmed in *Fourco*³ where the Court specifically emphasized that § 1400(b) was applicable to all defendants . . . in patent infringement actions."

Referring to what Kockum has characterized as the "better-reasoned cases since enactment of the 1948 Judicial Code,"⁴ we find that four of them came out of two district courts.⁵ These cases relied on each

² *Stonite Products Co. v. Lloyd Co.*, (1942) 315 U.S. 561, 563.

³ *Fourco Glass Co. v. Transmirra Prod. Corp.*, (1957) 353 U.S. 222, 228.

⁴ Brief of Respondent, p. 12.

⁵ *Olin Mathieson Chemical Corp. v. Molins Organizations, Ltd.*, (E.D. Va., 1966) 261 F. Supp. 436; *Deering Milliken Research Corp. v. Vecchioni*, (E.D. Va., 1970) 168 U.S.P.Q. 59; *Chas. Pfizer & Co v. Laboratori Pro-ter Prodotti Therapeutici*, S.D. N.Y., 1967) 278 F. Supp. 148; *SCM Corporation v. Brother International Corporation*, (S.D. N.Y., 1970) 316 F. Supp. 1328.

other and on the *Sandusky* line of cases as authorities. The other case is simply based on the *Olin* and *Pfizer* cases.⁶

The rationale of all these cases as expressed in *Pfizer* is that patent owners must be protected from "foreign infringers" who with impunity might flood this country with infringements. This is simply not the situation. Domestic patent owners have more than adequate protection as pointed out in our opening brief, pages 11-15.

The situation with respect to the relief available to the present patent owner, Kockum, is not unlike that in the other cases with which we are familiar. Kockum sued Brunette's licensee, Salem Equipment, for infringement of the two patents in question in the Oregon District Court and the case is awaiting oral argument in the court of appeals.⁷ Kockum also sued Brunette in Canada on the counterpart patents which case is awaiting trial.⁸ If the present case must be tried there will have been two cases in this country and one in Canada on the identical inventive concepts. Such a redundancy of litigation over basically the same patents is not in keeping with this Court's most recent pronouncements against the expense and multiplicity of patent law suits involving the same patents.⁹

⁶ *Deering Milliken Research Corp. v. Stahlecker*, (D.S.C., 1969) 166 U.S.P.Q. 321.

⁷ *Kockum Industries, Inc. v. Salem Equipment, Inc. et al*, (9 Cir.), Appeal Nos. 25870 and 25874.

⁸ *Kockums Mekahiska Verkstads Aktiebolag v. Brunette Machine Works Limited et al*, Court No. B-2958.

⁹ *Blonder-Tongue Labs. v. University Foundation*, 402 U.S. 313, 334-348 (1971).

Nor are the other two decisions, *Keller*¹⁰ and *Japan Gas Lighter*,¹¹ relied on by Kockum pertinent authorities. *Keller* granted a motion to dismiss because service of process was not made in the proper district. The dictum in the opinion quoted by Kockum at page 10 of its brief, once again depends on *Sandusky* and its line of cases. The decision in *Japan Gas Lighter* turned on the fact that because it was a declaratory judgment action rather than a suit for patent infringement, the general provisions of § 1391 controlled.

"Of such materials are authorities sometimes constructed."¹²

Dated Portland, Oregon, March 14, 1972.

Respectfully submitted,

J. PIERRE KOLISCH
JON M. DICKINSON
1004 Standard Plaza
Portland, Oregon 97204
Attorneys for Petitioner

¹⁰ *Keller v. American Sales Book Co.*, (W.D. N.Y., 1936) 16 F. Supp. 189.

¹¹ *Japan Gas Lighter Association v. Ronson Corp.*, (D.N.J., 1966) 257 F. Supp. 219.

¹² Judge Duniway speaking for the court *en banc* in *Maier Brewing Company v. Fleischmann Distilling Corp.*, (9 Cir. 1966) 359 F.2d 156, 162, affirmed 386 U.S. 744 (1967).

BRUNETTE MACHINE WORKS, LTD. v. KOCKUM INDUSTRIES, INC.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

No. 70-314. Argued March 23, 1972—Decided June 7, 1972

Title 28 U. S. C. § 1391 (d), providing that "[a]n alien may be sued in any district," embodies the long-established rule that a suit against an alien is wholly outside the operation of all federal venue laws (whether general or special) and governs the venue of an action for patent infringement against an alien. The District Court therefore erred in holding that § 1400 (b) (which provides that a patent infringement suit may be brought in the district of the defendant's residence, or where he has committed infringement acts and has a regular place of business) is the exclusive provision governing venue in patent infringement litigation. Pp. 708-714. 442 F. 2d 420, affirmed.

MARSHALL, J., delivered the opinion for a unanimous Court.

J. Pierre Kolisch argued the cause and filed briefs for petitioner.

Harry M. Cross, Jr., argued the cause and filed a brief for respondent.

Martin J. Adelman filed a brief for I.T.L. Industries Limited as *amicus curiae* urging reversal.

Curtis F. Prangle, *Ronald A. Sandler*, and *J. Terry Stratman* filed a brief for Amerace Esna Corp. as *amicus curiae* urging affirmance.

MR. JUSTICE MARSHALL delivered the opinion of the Court.

Section 1391 (d) of the United States Judicial Code provides that "[a]n alien may be sued in any district." Section 1400 (b) provides that "[a]ny civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a

regular and established place of business." We are asked to decide which provision of Title 28 governs the venue of an action for patent infringement against an alien defendant.

Respondent Kockum Industries, Inc., an Alabama corporation doing business in Oregon, holds a United States patent on a machine that removes bark from logs. Kockum claims that petitioner Brunette Machine Works, Ltd., a Canadian corporation, has infringed that patent by assisting two American manufacturers to make and sell similar machines.¹ Kockum obtained service of process on Brunette in Oregon, under that State's long-arm statute, Ore. Rev. Stat. § 14.035, and filed this action for patent infringement in the United States District Court for the District of Oregon. The District Court dismissed the complaint on the ground of improper venue, accepting Brunette's contention that § 1400 (b) is the exclusive provision governing venue in patent infringement litigation, and that its requirements were not satisfied here.² The Court of Appeals reversed, holding that § 1391 (d) applies to patent infringement suits as to all others, and hence that Brunette is subject to suit as an alien in any district. 442 F. 2d 420 (1971). We granted certiorari to resolve a conflict in the circuits on this question.³ 404 U. S. 982 (1971). We affirm.

¹ Respondent's suit against one of those manufacturers, an Oregon corporation, is now pending on appeal to the Court of Appeals for the Ninth Circuit. *Kockum Industries, Inc. v. Salem Equipment, Inc.*, No. 25870.

² Petitioner does not "reside" in Oregon, because the residence of a corporation for purposes of § 1400 (b) is its place of incorporation. *Fourco Glass Co. v. Transmirra Prods. Corp.*, 353 U. S. 222 (1957), discussed *infra*, at 711 and n. 10. And while the alleged infringement occurred in Oregon, petitioner apparently has no regular place of business there.

³ Compare the decision of the Court of Appeals for the Ninth Circuit below with *Coulter Electronics, Inc. v. A. B. Lars Ljungberg & Co.*, 376 F. 2d 743 (CA7), cert. denied, 389 U. S. 859 (1967). Several

I

Section 1391 (d), providing that an alien may be sued in any district, appeared for the first time in the Judicial Code of 1948, but its roots go back to the beginning of the Republic. The first restrictions on venue in the federal courts were set forth in the Judiciary Act of 1789:

"[N]o civil suit shall be brought before either [district or circuit] courts against an inhabitant of the United States, by any original process in any other district than that whereof he is an inhabitant, or in which he shall be found at the time of serving the writ" 1 Stat. 79.⁴

Because this limitation on the place where federal cases might be tried applied in terms only to suits against "an inhabitant of the United States," suits against aliens were left unrestricted, and could be tried in any district, subject only to the requirements of service of process.

district courts in other circuits have adopted the view taken by the Court of Appeals for the Ninth Circuit in this case, see *Chas. Pfizer & Co. v. Laboratori Pro-Ter Prodotti Therapeutici*, 278 F. Supp. 148 (SDNY 1967); *Olin Mathieson Chemical Corp. v. Molins Organizations, Ltd.*, 261 F. Supp. 436 (ED Va. 1966).

⁴The provision for venue wherever the defendant "shall be found" is deceptively broad. The grant of federal jurisdiction at that time consisted almost exclusively of suits between parties of diverse citizenship. Unlike the present statute, however, which provides for jurisdiction over suits "between . . . citizens of different States," 28 U. S. C. § 1332 (a) (1), the 1789 statute provided for jurisdiction over suits "between a citizen of the State where the suit is brought, and a citizen of another State." 1 Stat. 78. Thus the litigants were effectively confined to the district of residence of one of them, by the jurisdictional grant though not by the venue statutes. This restriction was eliminated in 1875, when a number of important changes were made in the Judiciary Act, see n. 5, *infra*, and the relevant clause of the grant of diversity jurisdiction was rephrased in its present form, 18 Stat. 470.

The original venue provisions remained essentially unchanged until 1875, when Congress substantially revised the Judiciary Act and greatly expanded the scope of federal jurisdiction. 18 Stat. 470.⁵ In describing the class of cases subject to venue restrictions, the 1875 statute dropped the phrase "suit . . . against an inhabitant of the United States" and substituted "suit . . . against any person." This Court held, however, that the change was stylistic and not substantive, and that Congress did not thereby bring suits against aliens within the scope of the venue laws. *In re Hohorst*, 150 U. S. 653 (1893).

The Court offered two reasons in *Hohorst* for concluding that suits against aliens remained outside the scope of the venue laws. First, no contemporary significance appears to have attached to the relevant change in language in 1875.⁶ Second, and perhaps more important, to hold the venue statutes applicable to suits against aliens would be in effect to oust the federal courts of jurisdiction in most cases, because the general venue provisions were framed with reference to the defendant's place of residence or citizenship, and an alien defendant is by definition a citizen of no district.⁷ The

⁵ The jurisdiction of the Federal Courts was extended to include suits "arising under the Constitution or laws of the United States," i. e., the federal-question jurisdiction now found in 28 U. S. C. § 1331 (a). And the diversity jurisdiction was rephrased, see n. 4, *supra*.

⁶ *In re Hohorst*, 150 U. S. 653, 661 (1893), citing *In re Louisville Underwriters*, 134 U. S. 488, 492 (1890), and *Shaw vs. Quincy Mining Co.*, 145 U. S. 444, 448 (1892), for the proposition that the substitution "has been assumed to be an immaterial change."

⁷ In 1875, the restrictions on venue in the federal courts were those imposed by the 1789 statute quoted in text: suit could be brought where the defendant was an inhabitant, or where he could be found. In 1887, however, Congress eliminated the provision authorizing suit wherever the defendant could be found: federal-question cases could be brought only where the defendant was an

Hohorst Court reasoned that it should not lightly be assumed that Congress intended that result, in light of the fact that the venue provisions are designed, not to keep suits out of the federal courts, but merely to allocate suits to the most appropriate or convenient federal forum.⁸

The reasoning of *Hohorst* with respect to suits against aliens continues to have force today. It remains true today that to hold the venue statutes applicable here would in effect oust the federal courts of a jurisdiction clearly conferred on them by Congress. Moreover, in the 79 years since *Hohorst* was decided, Congress has never given the slightest indication that it is dissatisfied

"inhabitant," and diversity cases only where either the plaintiff or the defendant resides. 24 Stat. 552. A suit against an alien was not regarded as a true diversity suit, and hence it was necessary to satisfy the requirements of federal-question venue, i. e., residence of the defendant. *Hohorst, supra*, at 660.

Today the general venue provisions for federal-question and diversity cases appear in 28 U. S. C. §§ 1391 (a) and (b); they follow the 1887 statute, except that Congress has added a provision for venue where "the claim arose," see n. 8, *infra*.

⁸ There have been, and perhaps there still are, occasional gaps in the venue laws, i. e., cases in which the federal courts have jurisdiction but there is no district in which venue is proper. One such gap arose in connection with cases involving multiple plaintiffs and defendants. Venue was fixed at the residence of the defendant, or in diversity cases at the residence of the plaintiff as well. When there were multiple plaintiffs or defendants, the district of residence for venue purposes was the district where *all* plaintiffs or *all* defendants reside. *Smith v. Lyon*, 133 U. S. 315 (1890). If they resided in different districts then there was no proper venue. In 1966 Congress acted to close the gap with a provision authorizing suit where "the claim arose," 80 Stat. 1111, which in most cases provides a proper venue even in multiple-party situations. The development supports the view that Congress does not in general intend to create venue gaps, which take away with one hand what Congress has given by way of jurisdictional grant with the other. Thus, in construing venue statutes it is reasonable to prefer the construction that avoids leaving such a gap.

with the longstanding judicial view that the 1789 language continues to color the venue statutes, with the result that suits against aliens are outside the scope of all the venue laws.

II

Petitioner argues that by enacting 28 U. S. C. § 1400 (b), Congress indicated a legislative intent to reject that rule in patent cases, and regulate the venue of suits against aliens in that limited class of cases. There is support for petitioner's argument in the broad language of prior decisions of this Court. Twice before, the Court has refused to apply venue provisions of general applicability to patent infringement cases. In *Stonite Prods. Co. v. Lloyd Co.*, 315 U. S. 561 (1942), the Court declared that what is now § 1400 (b) is "the exclusive provision controlling venue in patent infringement proceedings." *Id.*, at 563. *Stonite* held that venue in patent cases is not affected by what is now § 1392 (a), which relaxes certain restrictive venue rules in cases involving multiple defendants.⁹ Similarly, in *Fourco Glass Co. v. Transmurra Prods. Corp.*, 353 U. S. 222 (1957), the Court asserted that "28 U. S. C. § 1400 (b) is the sole and exclusive provision controlling venue in patent infringement actions," emphasizing its character as "a special venue statute applicable, specifically, to all defendants in a particular type of action," *id.*, at 228, 229 (emphasis in original). *Fourco* held that venue in patent cases is not affected by § 1391 (c), which expands for general venue purposes the definition of the residence of a corporation.¹⁰

⁹ Section 1392 (a), originally 11 Stat. 272 (1858), affords some relief in a very small class of cases that fall in the gap described in n. 8, *supra*. When multiple defendants reside in different districts within the same State, the suit may be brought in any one of them.

¹⁰ Section 1391 (c), enacted 62 Stat. 935 (1948), provides: "A corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such

The analysis in each case rested heavily on the legislative history of § 1400 (b). Prior to 1893, patent infringement cases had been widely, though not universally, regarded as subject to the general federal venue statutes. *Chaffee v. Hayward*, 20 How. 208, 215-216 (1858). This Court cast doubt on that proposition, however, in the *Hohorst* case, *supra*. We have already noted that *Hohorst* held the general venue limitations inapplicable to a suit against an alien defendant.¹¹ In further support of the decision, however, the Court noted that the suit was based on a claim for patent infringement; the venue restrictions, said the Court, were intended to apply only to that part of the federal jurisdiction that was concurrent with state court jurisdiction, and not to patent suits, which are entrusted exclusively to the federal courts.

The apparent effect of the decision was to hold that patent infringement suits could be tried in any district, even when the defendant was not an alien. After *Hohorst*, there was great confusion on this point in the lower courts.¹² Congress responded promptly, creating a special new venue statute for the occasion: patent infringement claims were to be heard only in the district where the defendant was an inhabitant, or the district where he committed acts of infringement and also maintained a regular and established place of business. 29 Stat. 695 (1897), now codified as 28 U. S. C. § 1400 (b). The new provision was of course more restrictive than the law as it was left by *Hohorst*, but it was rather less restrictive than the general venue provision then applicable to claims arising under

judicial district shall be regarded as the residence of such corporation for venue purposes."

¹¹ See *supra*, at 709-710.

¹² See *Stonite Prods. Co. v. Lloyd Co.*, 315 U. S. 561, 564-565 (1942); conflicting decisions collected at 29 Cong. Rec. 1901 (1897).

federal law.¹³ Over the objections of some legislators, who could see no reason for treating patent suits differently from any other federal-question litigation,¹⁴ Congress took the opportunity to establish for patent infringement suits a special and separate venue statute. Thus it is fair to say, as the Court did in *Stonite* and *Fourco*, that in 1897 Congress placed patent infringement cases in a class by themselves, outside the scope of general venue legislation.

But that analysis sheds no light on the present case. For it totally misconceives the origin and purpose of § 1391 (d) to characterize that statute as an appendage to the general venue statutes, analogous to the provisions at issue in *Stonite* and *Fourco*. Section 1391 (d) is not derived from the general venue statutes that § 1400 (b) was intended to replace. Section 1391 (d) reflects, rather, the longstanding rule that suits against alien defendants are outside those statutes. Since the general venue statutes did not reach suits against alien defendants, there is no reason to suppose the new substitute in patent cases was intended to do so. Indeed, the only glimmer of evidence of legislative intent points in the other direction. We have no reliable indication of what Congress thought about the matter in 1875, when it

¹³ Venue in a federal-question case was at that time proper only where the defendant was an inhabitant, 24 Stat. 552 (1887), as corrected 25 Stat. 434 (1888). Thus, the new statute gave patent claimants an advantage by authorizing as an additional venue alternative any district where the defendant maintained a regular place of business, and committed acts of infringement. Ironically, changes in the general venue law have left the patent venue statute far behind. Since 1948, the general venue law has authorized suit against a corporate defendant not only where he maintains a "regular and established place of business," as in § 1400 (b), but also where he is "doing business." 62 Stat. 935, now § 1391 (c). And since 1966, the general venue law has authorized suit where "the claim arose," see n. 8, *supra*.

¹⁴ See 29 Cong. Rec. 1901 (remarks of Cong. Payne).

dropped the language that expressly excluded suits against alien defendants from the general venue statutes, or in 1897, when it enacted the special patent venue statute. But in 1948, Congress was apparently quite content to leave suits against alien defendants exempt from the venue statutes, in patent cases as in all others. In that year, Congress codified as § 1391 (d) the rule exempting suits against aliens from the federal venue statutes. The Reviser's Notes, which provide the principal guide to interpretation of the 1948 Judicial Code, explain the intent to codify a rule that commands the "weight of authority," citing a pair of district court cases. These cases hold that the general venue laws do not control in a suit against an alien defendant, nor does the special patent venue law. *Sandusky Foundry & Machine Co. v. DeLavaud*, 251 F. 631 (ND Ohio 1918); *Keating v. Pennsylvania Co.*, 245 F. 155 (ND Ohio 1917).

III

We conclude that in § 1391 (d) Congress was stating a principle of broad and overriding application, and not merely making an adjustment in the general venue statute, as this Court found Congress had done in *Stonite* and *Fourco*. The principle of § 1391 (d) cannot be confined in its application to cases that would otherwise fall under the general venue statutes. For § 1391 (d) is properly regarded, not as a venue restriction at all, but rather as a declaration of the long-established rule that suits against aliens are wholly outside the operation of all the federal venue laws, general and special.

That rule, which has prevailed throughout the history of the federal courts, controls this case. Since respondent Brunette is an alien corporation, it cannot rely on § 1400 (b) as a shield against suit in the District of Oregon. The judgment of the Court of Appeals is

Affirmed.

